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More Signs of Sag

The State

Signs of sag in Pennsylvania's economy multiplied in September. Employment dipped for the first time. Unemployment got worse. Pennsylvania industries added very few jobs during a month when they typically add a good many. Compared with a year ago, there are now about 1,000 fewer Pennsylvanians at work, about 14,000 more out of work, and some 38,000 fewer jobs in nonmanufacturing industries.

On the other hand, there are about 8,000 more factory jobs in Pennsylvania than there were in September 1980. Some 21 million more kilowatt hours of electricity were used in September for factory output generally, and in that month about 186,000 more tons of steel were poured. Most of the year-to-year increase in unemployment has come from enlargement of the labor force rather than from employment loss. There are roughly 12,000 more people in the labor force this September than last. So the subsidence in the economy is neither wide nor deep.

Furthermore, what subsidence has occurred has been too recent to assign very much significance to it. In Pennsylvania it takes four consecutive months of downturn in employment before one can be reasonably sure that cyclical downturn, rather than some other factor, is probably mostly responsible. So far, we've had only one month of decline, and that was from a record high. The index of industrial power sales, a measure of factory output, requires three months, and we've had but two. Other indicators did not clearly signal deterioration during the third quarter. Finally, there is a technical reason for not assigning too much cyclical importance to the September employment and job shifts. The Labor Day holiday this year fell in the week in which labor conditions were surveyed, and that somewhat distorted the picture.

There is a plus for Pennsylvania in the fact that its labor force seems to have stopped expanding in number, at least for the time being. People do move into and out of it in considerable numbers from month to month; but for the past five months the curve has flattened out rather than gone on rising. If it had, the unemployment situation here could be very much worse, given lack of job expansion in Pennsylvania industries.

However, there isn't much in Pennsylvania's immediate future to cheer the observer. For two months, the volume of first claims for unemployment benefits has been increasing in a fashion not typical of late summer and early fall. In September the rise was especially sharp. This suggests that some Pennsylvania employers may be starting to lay off workers in significant numbers. Although Pennsylvania industries added a total of 7,700 jobs in September, this was a weak gain, and the job level was indexed at its lowest seasonally adjusted point since March 1978. However, October and November data will provide a better fix on conditions, because of the intrusion of the Labor Day holiday.

Conditions have apparently been sluggish long enough to hurt the traditionally stable nonmanufacturing industries of Pennsylvania — those which in the past were counted on to see the State's economy through recession periods with less job damage than there is typically to the volatile manufacturing industries. The persistence of high interest rates has been especially damaging to the construction industry and indirectly to mining and transportation because of lack of steel demand. State and local government jobs dropped to their lowest point in September since 1977 under budget austerity and the phasing out of some Federally supported programs. Retail trade jobs are the lowest they've been in four years.

Factory jobs are not currently losing ground in Pennsylvania, but they have stayed almost at record low for the past six months. The average factory workweek dropped in September to relatively its lowest point this year. Available work is often spread among the existing work force before people are laid off. A shorter average workweek now may mean that factory job losses lie ahead. While there

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College of Business Administration The Pennsylvania State University **November 1981**

certainly will be some losses, it just might be that Pennsylvania's factory managers have pared their work force until it is about as small as it can be and still enable them to operate. If this is true, then any loss from this downturn in this sector may be small too. And it is worth recalling that with the high costs of borrowing money we have had managers sometimes find it less expensive to use labor instead of buying labor-saving equipment. That helps to stabilize factory jobs, although it doesn't do much for the demand for Pennsylvania products designed for capital markets.

The Nation

Increases in personal income in the Nation are diminishing. Partial unemployment is at a record high point, meaning that people who would like to work full time can't find full-time jobs. Business failures are increasing rapidly, and not just in interest-sensitive industries; more failures are expected. There are reports that the slump in factory operating rates has spread beyond the auto and housing industries; and the woes of those two beleaguered industries are far from over. It is thought that corporate dividends are just too good to last and will have to be cut back soon. The index of leading indicators has dropped for two months, and the drop is substantial. Employment in the Nation is down and unemployment up.

Early October reports do little to brighten the picture. The October tax cut was accompanied by introduction of all-savers' certificates. Apparently a considerable amount of money was channeled into them — at least early reports of October new car sales show that people were not buying as many as analysts of the industry had expected. Furthermore, major retailers throughout the country posted their weakest sales of the year.

Still, a recent article in the Wall Street Journal[1] presented substantial evidence to show that, although the consumer may be cautious, he isn't broke. In the eighteen months comprising all of 1980 and the first half of 1981, the overall consumer debt load dropped a full percentage point, despite national recession, recovery, and subsequent sluggishness. In the first quarter of 1980, the expense of servicing home-mortgage and installment loans (including payments of both principal and interest) amounted to 22.2 percent of consumers' after-tax earning. In the second quarter of 1981, it was down to 21.2 percent. That reading, in turn, was well under annual averages for 1978 and 1979 of 22.5 and 22.3 percent. Both those were years of expansion.

Economic Activity in Pennsylvania	1981		1980	*Seasonally Adjusted Indexes (1972 = 100.)*		
				1980	1981	
	Aug.	**Sept.**	Sept.	Sept.	Aug.	**Sept.**
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage & salaried jobs in (thous.)	4,692*	**4,699**	4,737	106.3	106.0*	**105.6**
Nonmanufacturing:						
No. of wage & salaried jobs in (thous.)	3,383*	**3,365**	3,403	114.7	114.1	**113.4**
Manufacturing:						
No. of wage & salaried jobs in (thous.)	1,306*	**1,309**	1,301	89.6	90.1*	**90.2**
Hrs. worked by prod. workers in, ave. wkly.	39.4*	**39.1**	38.7	96.7	99.4*	**97.7**
Total factory man-hours worked (mil. wkly.)	36.5*	**36.4**	35.9	83.6	86.3*	**84.7**
Total factory payrolls (mil. $ wkly.)	306.2*	**306.3**	277.8	166.2	186.7*	**184.6**
Steel production (thous. tons)	1,931	**1,889**	1,703	70	78	**78**
Industrial electric power sales (mil. kwh)	3,921	**3,908**	3,887	109	114	**109**
Mining:						
Anthracite (thous. net tons)	521	**408**	478	77	83	**66**
Bituminous coal (thous. net tons)	7,034	**n.a.**	7,515	104	103	**n.a.**
Construction contracts awarded, value ($ mils.)						
Total	371.1	**381.0**	405.1	139	118	**134**
Residential building	150.0	**150.3**	185.1	144	122	**122**
Other building	123.4	**160.0**	132.4	135	116	**161**
Nonbuilding (utilities and public works)	97.7	**70.7**	87.5	139	115	**113**
Employment of Pa. Residents:						
Employed, total number (thous.)	5,103	**4,953**	4,954	107.8	109.8	**107.8**
Unemployed:						
Total number (thous.)	427	**441**	427	161.6	159.1	**166.4**
Rate (percentage of labor force)	7.7	**8.2**	7.9	—	—	—
Rate, seasonally adjusted	7.7	**8.2**	7.9	—	—	—
Civilian labor force, number in (thous.)	5,530	**5,394**	5,382	110.7	112.5	**111.0**
General Business Activity:						
Bank debits, percentage change in dollar volume of:						
From previous month		**+ 17.3**				
From same month, previous year		**+ 30.3**				

Notes:
* = Figure revised n.a. = Data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Data on employment have been revised to first quarter 1980 bench marks.

Other figures suggest that the consumer has enlarged his savings cushion. Federal Reserve Board data show that the ratio of consumers' liquid assets to their liabilities rose over the same period from 1.23 to 1.26. In June (latest figures available), the loan-delinquency rate, 2.3 percent of installment loans, was the lowest since January 1979, more than a year before the last recession.

The consumer may be feeling pressure to continue to build up his savings. The inflation-adjusted value of many homes has fallen as the housing price spiral slackened and reduced their owners' net worth.

It is thought that some of the hindrances to consumer spending may not last long: food and used car price rises may slow down; and smaller price rises for raw materials and moderate wage increases may help to slow inflation soon.

In any case, the consumer is sometimes unpredictable. In the past he has been known to stage a buying spree that surprised analysts. The outcome of the holiday buying season is clouded indeed. Even if chances of a spree this year seem far-fetched, there is still a chance that there will be some lift before it is over. And if there is not, inventories have been controlled tightly enough so that it is thought merchants won't have to resort to disastrous price slashing to liquidate them.

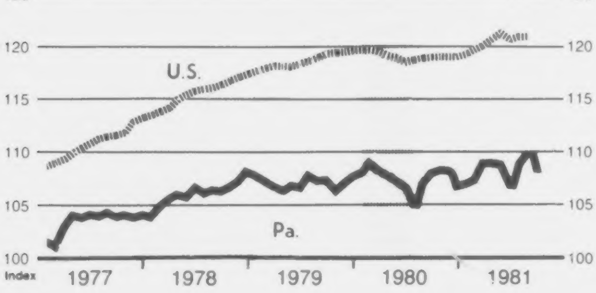
As for early next year, one analyst thinks he has a solution to what seems to be something of an impasse: If the Federal Reserve Board allows the M1-B money supply to rise to the Fed's own target bands, he believes a desirable train of events might be started.[2] That action should produce a lower Federal funds rate, enabling banks to lower their prime and broker loan rates. That, in turn, would induce long-term rates to fall. Investors would then be attracted by higher bond yields; some loan demand would move from bank or commercial paper into bonds; and if the Fed's easing were coupled with tighter fiscal policy, more declines in interest rates might follow.

Even if this is how things turn out, they will take time. Meanwhile, for the winter months, there seem to be no more sunny days in store for the economy of Pennsylvania and the Nation than for the weather.

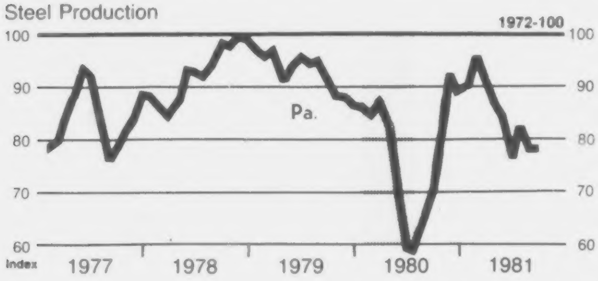
[1] Nov. 2, 1981, p. 1, "Consumers Provide Bright Spot in Gloom," by Alfred L. Malabre, Jr.

[2] Irwin L. Kellner, *The Manufacturers Hanover Economic Report*, September 1981. M1-B is the total of cash in public hands plus private checking deposits (including those in NOW accounts). The measure represents funds readily available for spending.

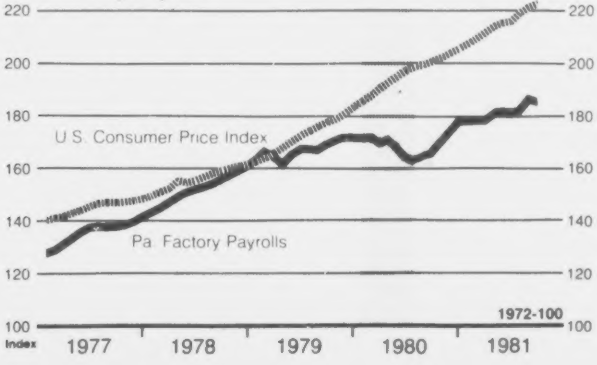
Total Employment



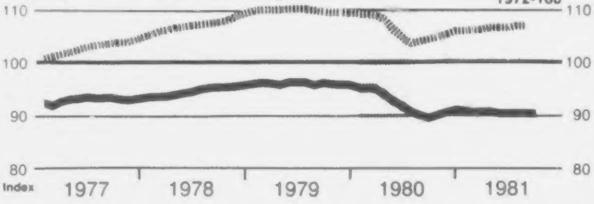
Steel Production



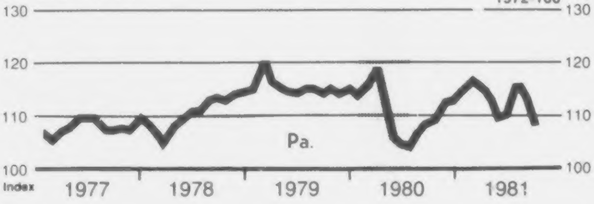
Total Factory Payrolls



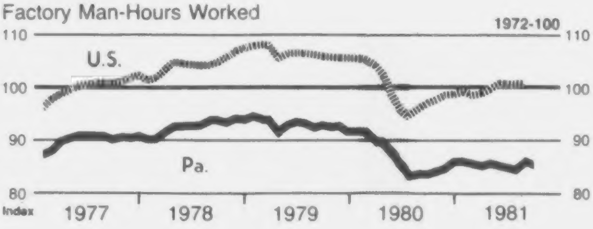
Employment — Manufacturing



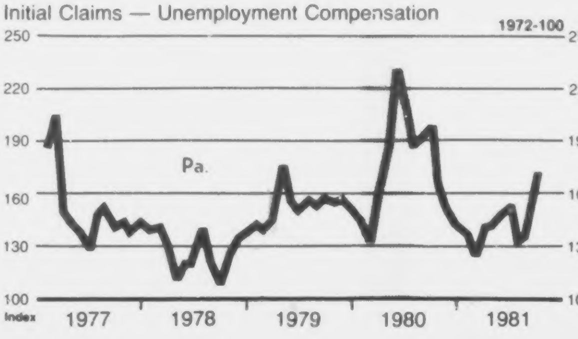
Industrial Power Sales



Factory Man-Hours Worked



Initial Claims — Unemployment Compensation



Around the State

Southeastern Quarter

Harrisburg

As could be expected, the economy of the Harrisburg metropolitan area held its own during the third quarter.

The job level for industries located in this area held steady. Seasonal influences have dominated monthly changes all this year and the fluctuations have been at or near peak for some time.

Employment of people who live in this area, regardless of where they work, reached an all-time high point in July and stayed there in August.

Unemployment fell to about last year's level after being higher in the second quarter.

All this was accomplished in spite of mild enlargement in the size of the area's labor force. Early in the quarter, it was at a record high point, but in September receded from that point.

This year, the third quarter was better than it was last year, when the 1980 recession was ending, on all counts but one. The level of factory jobs was the same in both years. And changes from the second quarter of 1981 show signs of slackening in factory activity. Job changes failed to match seasonal patterns until September, and the average workweek grew shorter. While industrial output did well for the quarter, for the month of September it plunged sharply to the lowest point in a year, as measured by sales of electricity at industrial rates.

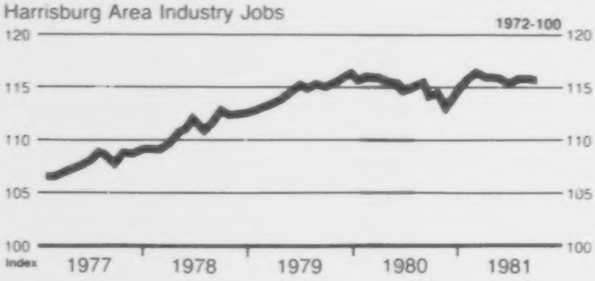
It is possible that coming months will produce a bit of sag because conditions nationally are declining; but in this well-buffered community it should not be serious.

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Aug. 1980	249.4	141.0
Sept.	251.7	143.7
Oct.	253.9	146.5
Nov.	256.4	149.2
Dec.	258.4	150.9
Jan. 1981	260.5	151.4
Feb.	263.2	151.8
March	265.1	152.1
April	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	152.1

Sources: Consumer prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Harrisburg Area Industry Jobs



HARRISBURG AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	220.2	118	116	111
Unemployed, no. of residents	13.6	241	255	242
Civilian labor force, no. in	233.8	121	120	115
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	224.3	116	116	115
Nonmfg. only, no. jobs in	181.6	118	118	117
Mfg. only, no. jobs in	42.8	105	107	105
Hrs. worked by production workers in mfg., ave. weekly	39.2	98	101	100
Industrial electric power sales	***	338	320	290
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 18.1	***	***	***
From same quarter, previous year	+ 32.0	***	***	***

[1] Cumberland, Dauphin and Perry Counties

Lancaster

Very little changed in Lancaster County's economy during the third quarter — and that's good.

Local industries continue to hold their job offerings steady, at high level, as they have since they stopped expanding in the first half of 1979.

During the quarter, some 178,800 residents of the County found work in or out of it — the most employment the County has ever had. Unemployment subsided more than seasonally for three consecutive months, and is less than 5 percent of the labor force.

Contrary to the situation in many areas of this state, manufacturing industries here are giving strong support to the local economy. They have added jobs to a more-than-seasonal extent most months this year and growth speeded up in the third quarter. More electricity is being used for output. But the average factory workweek grew shorter

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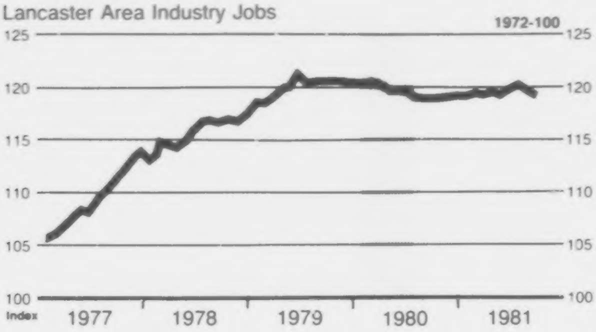
— and is quite short compared with past experience here.

The nonmanufacturing industries of the area have not fared so well. Throughout the third quarter, their job changes failed to live up to expectations. By September, a sharp drop in the seasonally adjusted job index dropped the index level to its lowest point in more than two years.

Compared with a year ago, with only a few exceptions, local industries are now supplying more jobs. Retail trade, food processing, and the transportation and utilities group gained the most. Construction is down, as is the large services and mining group, and state and local government.

Coming months may see factories cut back on work force; but over all this area should do well, as it typically does compared with others.



LANCASTER[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	176.4	119	119	114
Unemployed, no. of residents	9.2	199	213	222
Civilian labor force, no. in	185.5	122	121	117
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	154.1	119	119	119
Nonmfg. only, no. jobs in	93.9	127	128	128
Mfg. only, no. jobs in	60.3	109	108	107
Hrs. worked by production workers in mfg., ave. weekly	38.7	97	99	98
Industrial electric power sales	***	119	116	112
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 7.2	***	***	***
From same quarter, previous year	+ 23.1	***	***	***

[1] Lancaster County

Philadelphia

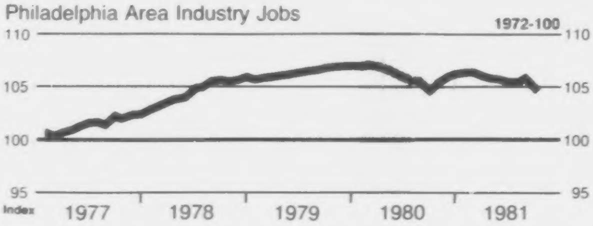
Economic conditions changed little in the Philadelphia metropolitan area during the third quarter, as compared with either the second quarter of 1981 or the third quarter of 1980.

Neither employment nor unemployment, on average, moved much from previous marks (although unemployment is higher now than it was last year). Local industries have held about the same job levels in all three periods. There was very little difference in the use of electricity for production throughout the area, although more was used this year in the third quarter than in the second in the cities of Chester and Philadelphia.

The use of checking accounts, as measured by debits to demand deposit accounts of commercial banks, enlarged over the quarter enough to suggest a pickup in business activity. The third quarter a year ago saw the end of the 1980 recession. It is not surprising to find a strong gain in checking account usage from that low point. Debits volume is more than a third larger now than then.

For the month of September alone, most indicators turned down — that is, whether there were gains or losses they fell short of the usual seasonal patterns. Thus local factories added fewer jobs than would be expected; other industries lost more jobs than is customary; unemployment rose contrary to pattern; and more people left the labor force than is according to practice at this time of year.

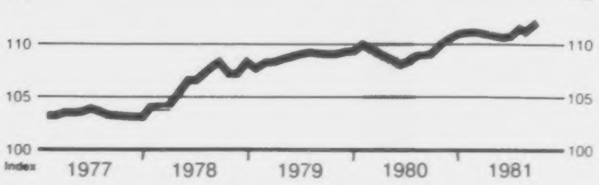
In short, at present conditions in this area are not showing much damage; but their behavior in September suggests they may have started down. National conditions make it likely that they will continue to decline for some months, although verification of cyclical decline is not possible now.



PHILADELPHIA AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	1,998.3	106	106	106
Unemployed, no. of residents	168.2	140	140	133
Civilian labor force, no. in	2,166.5	108	108	108
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	1,901.8	105	106	105
Nonmfg. only, no. jobs in	1,462.5	113	114	113
Mfg. only, no. jobs in	431.3	85	85	85
Hrs. worked by production workers in mfg., ave. weekly	39.7	99	101	99
Industrial electric power sales				
Metropolitan area	***	105	104	106
Chester	***	119	112	117
Philadelphia	***	98	95	100
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 15.2	***	***	***
From same quarter, previous year	+ 36.5	***	***	***

[1] Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa., Burlington, Camden and Gloucester counties, N.J.



Reading Area Industry Jobs

Reading

The third quarter was a bit better for Berks County than the second — and that was plenty good. Between second and third quarters, employment rose, unemployment declined, local industries supplied more jobs, and people and businesses increased their use of checking accounts to an extent that suggested more business activity and not just inflation.

Compared with the same period a year ago, conditions in the third quarter this year were better. Although now the labor force is larger in size, employment gains have been so good that unemployment improved. The dollar volume of checking account usage, which is measured by debits to demand and NOW accounts at commercial banks, rose well beyond the limits of general price rise.

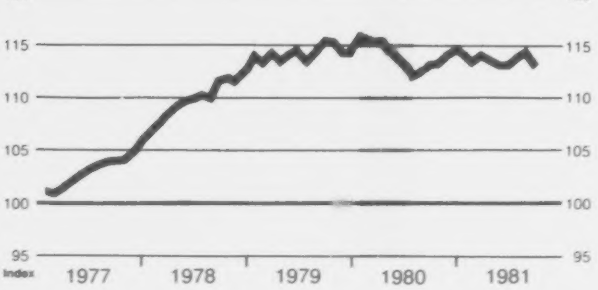
One sector of the local area's economy, however, is showing a little less vigor. It appears that factory production eased off. No more electricity was used for output this year than last (when the 1980 recession was ending); and the average factory workweek this year is relatively shorter than it was either in the second quarter or last year.

This area's economy is not quite so well buffered against national economic downturns as are one or two of its neighboring metropolitan areas. Some sag here must be expected in coming months. The national economy is expected to be sluggish at best and perhaps to decline, and local industries can scarcely get by unscathed. Still, not much bad news is likely to come to this area.

READING[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	149.6	114	111	108
Unemployed, no. of residents	12.1	256	283	273
Civilian labor force, no. in	161.7	118	117	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	141.1	112	111	109
Nonmfg. only, no. jobs in	86.5	120	119	118
Mfg. only, no. jobs in	54.6	101	100	98
Hrs. worked by production workers in mfg., ave. weekly	39.0	97	100	98
Industrial electric power sales	***	117	123	117
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 12.4	***	***	***
From same quarter, previous year	+ 23.6	***	***	***

[1] Adams and York counties



York Area Industry Jobs

York

The economy of York and Adams counties held steady in the third quarter. Quarterly averages for various indicators moved very little from second-quarter levels, but such changes as there were were uniformly good.

Thus employment and unemployment both improved somewhat more than seasonally, and factory activity picked up a little more than one would expect in late summer and early fall. The dollar volume of checks written against demand deposit accounts in commercial banks increased enough to suggest that improved business activity, as well as general price inflation, was involved.

Compared with the third quarter a year ago, when the brief 1980 recession was ending, conditions this year of course look uniformly good. Employment was able to more than keep pace with the area's labor force expansion, there was more factory output this year, and checking account usage generally expanded notably.

Throughout this year, the York area has maintained a high level of business activity. Whether or not national conditions decline or stabilize in coming months, this area should not suffer much.

YORK AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	168.3	116	113	111
Unemployed, no. of residents	13.5	264	287	268
Civilian labor force, no. in	181.7	120	119	116
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	156.3	114	113	112
Nonmfg. only, no. jobs in	90.1	116	116	116
Mfg. only, no. jobs in	66.2	111	110	108
Hrs. worked by production workers in mfg., ave. weekly	41.0	99	98	95
Industrial electric power sales	***	123	122	118
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 11.7	***	***	***
From same quarter, previous year	+ 35.5	***	***	***

[1] Adams and York counties

Northeastern Quarter

Allentown-Bethlehem-Easton

This metropolitan area did better than expected in the third quarter. Given its sensitivity to national conditions at any time, plus depressed market demand in two of its important industries (steel and construction materials), it was thought that the second-quarter sag might continue into the third quarter. That did not happen.

Instead, employment and unemployment both improved, labor force growth was unusually moderate, and factory activity picked up. In Bethlehem City, home of Bethlehem Steel Corp., use of electricity for industrial production reached a record high point in September. Also, more than a seasonal number of workers were employed in area factories in the third quarter. As is not uncommon when workers are added, the average factory workweek grew relatively short. First-half 1981 gains were lost, but the average is in line with experience prior to last year's recession.

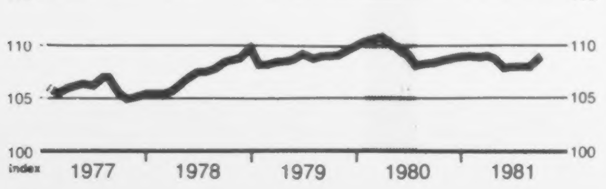
Satisfying as this record may be, it seems unlikely that this area can for long go against national movements or that the fortunes of the steel and construction industries are any brighter than they were earlier this year. The prospect for the winter months is still for a certain amount of deterioration in this area's economy, but it should not be severe.

LEHIGH VALLEY AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	286.6	111	110	108
Unemployed, no. of residents	23.9	228	262	230
Civilian labor force, no. in	310.5	115	116	112
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	262.0	108	108	108
Nonmfg. only, no. jobs in	155.5	119	119	119
Mfg. only, no. jobs in	106.2	96	95	96
Hrs. worked by production workers in mfg., ave. weekly	38.5	102	104	101
Industrial electric power sales.				
Metropolitan area	***	109	109	105
Allentown	***	102	105	107
Bethlehem	***	118	115	107
Easton	***	96	96	93
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 11.4	***	***	***
From same quarter, previous year	+ 3.5	***	***	***

[1] Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.

Lehigh Valley Area Industry Jobs



Northeast

The third quarter of this year continued the job deterioration that started here in the second quarter. By August and September, the level of jobs supplied by local industries had reverted to the low point reached at the end of the 1980 recession, losing intervening gains. That level was, however, not at all bad compared with some of the straits in which this area found itself in times past.

One thing that helped this time was the fact that the local labor force did not expand during the third quarter to its customary extent. In fact, by September it was declining in number, and was indexed at its lowest point in more than a year.

Another thing that helped was that jobs to which area residents commute apparently held up somewhat better than jobs of companies located in this area. At any rate, employment of residents increased by the usual seasonal proportion in the third quarter, with the result that the adjusted index for the quarter held steady. By September, that index showed a drop, but nevertheless remained at a very good level.

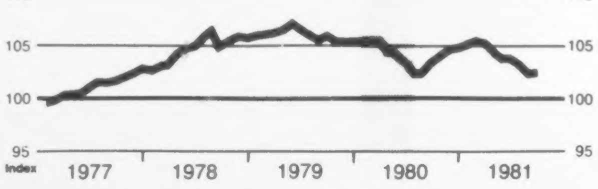
Unemployment of area residents has had wide swings from month to month but is not yet showing a generally rising direction. During the third quarter, on average the number dropped more than seasonally, and this situation was also

NORTHEAST AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	262.1	105	105	104
Unemployed, no. of residents	26.9	145	163	160
Civilian labor force, no. in	288.9	108	109	108
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	239.2	102	104	102
Nonmfg. only, no. jobs in	168.6	114	116	116
Mfg. only, no. jobs in	70.5	82	82	81
Hrs. worked by production workers in mfg., ave. weekly	36.7	98	97	96
Industrial electric power sales	***	101	92	98
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 10.0	***	***	***
From same quarter, previous year	+ 19.1	***	***	***

[1] Lackawanna, Luzerne and Monroe counties

Northeast Area Industry Jobs



SCRANTON AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	96.7	104	104	102
Unemployed, no. of residents	8.4	152	193	186
Civilian labor force, no. in	105.1	106	108	107
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	85.1	98	99	99
Nonmfg. only, no. jobs in	57.1	106	108	109
Mfg. only, no. jobs in	28.0	85	85	82
Hrs. worked by production				
workers in mfg., ave. weekly	37.9	98	95	93
Industrial electric power sales	***	95	92	96

[1] Lackawanna County

WILKES-BARRE/HAZLETON AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	140.7	102	102	101
Unemployed, no. of residents	16.2	137	141	143
Civilian labor force, no. in	156.9	105	105	104
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	123.2	101	102	101
Nonmfg. only, no. jobs in	85.6	116	118	115
Mfg. only, no. jobs in	37.5	78	79	78
Hrs. worked by production				
workers in mfg., ave. weekly	35.9	98	97	99
Industrial electric power sales				
Metropolitan area	***	105	93	101
Hazleton	***	113	99	110
Wilkes-Barre	***	93	82	91

[1] Luzerne County

true of the month of September. Nevertheless, the September rate was above 9 percent.

Factory activity has remained pretty steady. The factory job level has drifted down a little this year, but on the whole it is not at all bad. The factory workweek may be rather short, but during the third quarter it improved beyond seasonal pattern. Only at the end of the quarter did it begin to drop back. And judging by the use made in the third quarter of electricity for output, production has not slacked off appreciably. The factory situation in Lackawanna County is slightly stronger than in Luzerne County.

More decline will likely develop here during the winter; but at this point the local economy is still above levels maintained as recently as the expansion year of 1977.

Williamsport

The third quarter was not good to Lycoming County's economy. All the job gains made after last year's recession ended in July have been lost. By September, the index of jobs provided by industries located in the County had dropped to its lowest point in more than four years, as both manufacturing and nonmanufacturing industries failed to follow their usual practices and, instead, laid off workers. The job level in local factories is not much above a record low point. The level for other industries remained on a high plateau for about a year, but in the last two months showed signs of succumbing to conditions.

Fortunately, the local labor force is at its lowest level in six months, or the already high unemployment rate, hovering near 12 percent, would be worse.

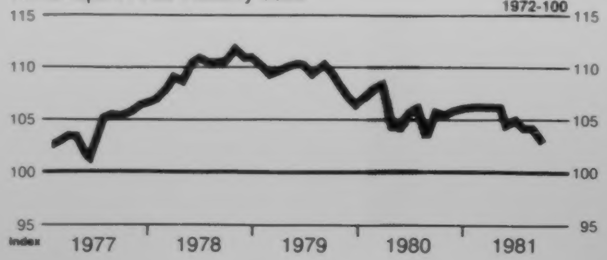
Many of the industries of this area depend upon capital spending for prosperity. The product mix is not really very well diversified. Earlier this year, capital spending was holding up pretty well in spite of high interest rates. That situation could not last indefinitely, however, and now such spending is weaker and is not likely to get stronger soon. It appears that Williamsport has a dull winter ahead.

WILLIAMSPORT AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	47.3	105	105	104
Unemployed, no. of residents	6.5	280	304	290
Civilian labor force, no. in	53.8	114	115	114
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	46.0	104	105	105
Nonmfg. only, no. jobs in	30.3	120	121	120
Mfg. only, no. jobs in	15.6	82	84	84
Hrs. worked by production				
workers in mfg., ave. weekly	39.6	101	102	100
Industrial electric power sales	***	105	110	107
Bank debits, percentage change				
in dollar volume of seas. adj.				
From previous quarter	+11.9	***	***	***
From same quarter, previous year	+24.2	***	***	***

[1] Lycoming County

Williamsport Area Industry Jobs



Northwestern Quarter

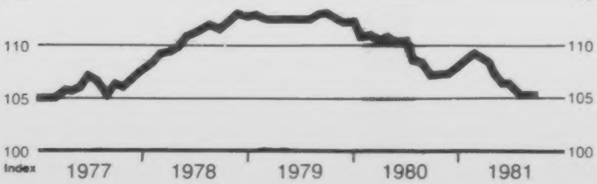
Erie

Two good things about Erie County's economy in the third quarter: The job loss stopped at a point no lower than it had been in the expansion year of 1977; and the local labor force expanded in number no more than seasonally, which took some pressure off unemployment.

Otherwise, there was little change in conditions here between the second and third quarters. The level of total employment remains, as it had been, relatively low. Use of checking accounts is still about the same as it was in late spring and early summer. The unemployment rate remains in the 9 percent range, and the average factory workweek is still short compared with past experience in this area.

Given the weakness of capital spending nationally, and the weakness among factories generally in the Great Lakes basin, there is little in sight now to boost this area's economy. If it holds its own during the winter, that will be the most that can be expected; and it may not do that well. In such a small metropolitan area, the fortunes of individual companies have much more impact on the area economy than they do in large areas, and such companies are not about to divulge their plans freely or very far in advance.

Erie Area Industry Jobs



ERIE AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	113.6	108	108	110
Unemployed, no. of residents	12.2	224	238	225
Civilian labor force, no. in	125.8	114	114	115
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	109.9	105	107	108
Nonmfg. only, no. jobs in	69.0	115	118	118
Mfg. only, no. jobs in	40.5	91	92	93
Hrs. worked by production workers in mfg., ave. weekly	40.6	98	99	96
Industrial electric power sales	***	122	119	111
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 4.9	***	***	***
From same quarter, previous year	+ 32.4	***	***	***

[1] Erie County

Southwestern Quarter

Altoona

Blair County factories continue to be the star performers among local industries. During the months July through September, the third quarter of this year, factories increased their job offerings slightly more than seasonally from a level that was already good. After making steady job gains in the first half of the year, they retained them in the third quarter at a time when, in the national economy, signs of slippage were increasing. During the quarter factories apparently stepped up output, since they used more electricity sold at industrial rates than they had in the second quarter.

Other industries in the area — the nonmanufacturing industries, among which Conrail is classified — have not fared so well. They lost jobs more than seasonally in the third quarter and by its end were indexed at the lowest point in six years.

Local industries don't provide all the jobs for residents of the area — some of them commute to jobs outside of Blair County. Apparently the experience of peripheral firms is not much different from that of local firms. At any rate, total employment of residents has not changed level very much this year. The month-to-month fluctuations have been wide, however, and several times this year the seasonally adjusted employment index dipped to its lowest point in five years.

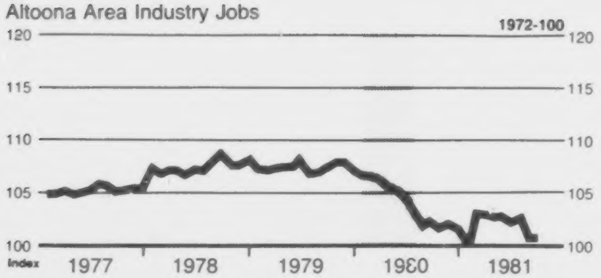
Only the fact that the area's labor force has remained relatively small has prevented unemployment from becoming more of a problem — and it is enough of one now.

It is questionable whether the factory activities can continue to be as strong as they have been so far this year. National conditions do not favor any general pickup soon — but in a metropolitan area as small as this one individual firms may fare better or worse than the national sector. There also seems to be little to stimulate activity in mining or railroading during the coming winter, and some job loss will not be recovered as state and local governments cut back federally funded jobs.

Meanwhile, the usage being made of checking accounts, as measured by debits to demand and NOW accounts in commercial banks, does not suggest any pickup in general business activity. After allowing for inflation, the volume of bank debits is just about the same as it was a year ago.

A sluggish period seems unavoidable in Blair County's economy.

Altoona Area Industry Jobs

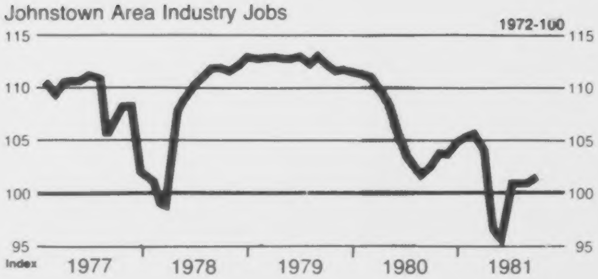


ALTOONA AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	52.0	104	104	110
Unemployed, no. of residents	6.8	204	198	181
Civilian labor force, no. in	58.8	110	110	114
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	49.9	101	102	102
Nonmfg. only, no. jobs in	36.7	108	110	112
Mfg. only, no. jobs in	13.2	86	86	82
Hrs. worked by production workers in mfg., ave. weekly	38.9	102	102	101
Industrial electric power sales	***	115	100	115
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 2.8	***	***	***
From same quarter, previous year	+12.9	***	***	***

[1] Blair County

Johnstown Area Industry Jobs



JOHNSTOWN[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	3 Q.'81	3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	94.9	104	102	106
Unemployed, no. of residents	12.0	192	259	228
Civilian labor force, no. in	106.8	110	112	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	83.3	101	98	102
Nonmfg. only, no. jobs in	65.4	114	109	113
Mfg. only, no. jobs in	17.3	71	71	76
Hrs. worked by production workers in mfg., ave. weekly	37.4	101	102	99
Industrial electric power sales	***	119	111	118
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 35.9	***	***	***
From same quarter, previous year	+ 45.0	***	***	***

[1] Cambria and Somerset counties

Johnstown

The economy of Cambria and Somerset counties perked up in some respects during the third quarter. After note is taken of the shifts that usually occur at this time of year, it is found that there was improvement in both employment and unemployment; that the labor force shrank in number; and that factory output was pretty good, on average, as judged by sales of electricity at industrial rates.

The improvement was not, of course, very satisfying, since it meant no more than a certain amount of recovery from the second-quarter soft coal strike. Except for that low period, the nonmanufacturing industries of the area registered the lowest job level in a year. In September, they strengthened, though, and the number of jobs was only 100 under the same month in 1980.

Factories retained their second-quarter job level during the third quarter; but it fell to a record low point in July and did not rise far above it in August. By September, the number of jobs dropped below the regular seasonal shift. In that month local industries offered about 700 fewer jobs than they had a year earlier. By September also, industrial output began to slack off sharply.

The closing of ABEX in particular and continued softness in general in the demand for steel and its products is dealing this area particularly harsh blows. Although the area labor force is the smallest it has been in more than four years and the number of unemployed is comparatively small, the latter represent a high percentage of the former. Recovery from the coal strike put job offerings by local firms no better than midway between first- and second-quarter levels. Most indicators sagged at the end of the quarter.

Perhaps this area can hold its present activity levels rather steady in coming months; but it has suffered more than other areas since the middle of 1979 and it looks like a glum winter ahead.

Pittsburgh

There was very little change in Pittsburgh's economy during the third quarter from second-quarter conditions. On average, during the third quarter employment and unemployment both improved, the labor force was stable in size, and local industries kept their overall job level steady. Factory output appears to have increased, as judged by the use made of electricity at industrial rates. The increase that occurred in the use of checking accounts suggests a quickened pace of business generally. Usage is measured by debits to demand deposits at commercial banks.

The second-quarter coal strike had a limited effect on the overall economy of this major area, and so the third quarter did not reflect any particular changes on that account.

Compared with a year ago, when the 1980 recession was ending, conditions now are in some respects better. The job level has stayed on a pretty good plateau, with minor fluctuations for about a year and a half. Factory activity is stronger now than then in terms of electricity used for production, the job level, and the length of the average factory workweek.

Considering the depressed state of the steel and related durable goods industries, this is a pretty good record. By September, though, almost all indicators were pointing down. And despite Pittsburgh's diversification efforts, it is still quite vulnerable to slumps in demand for durable goods.

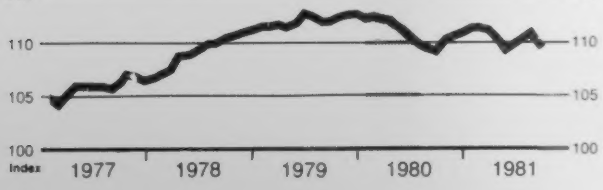
There is very little in the current picture to suggest that demand is going to pick up very quickly. But the last three recessions have dealt Pittsburgh less job damage than previous recessions. It is to be expected that perhaps this downturn will do so too, although the outlook for winter months is none too promising.

PITTSBURGH AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	976.0	113	112	108
Unemployed, no. of residents	71.0	135	143	157
Civilian labor force, no. in	1,047.0	114	114	111
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	952.6	110	110	110
Nonmfg. only, no. jobs in	711.8	118	117	118
Mfg. only, no. jobs in	238.8	92	93	90
Hrs. worked by production				
workers in mfg., ave. weekly	40.1	99	100	95
Industrial electric power sales	***	122	117	105
Bank debits, percentage change				
in dollar volume of seas. adj.				
From previous quarter	+ 15.5	***	***	***
From same quarter, previous year	+ 24.5	***	***	***

[1] Allegheny, Beaver, Washington and Westmoreland counties

Pittsburgh Area Industry Jobs



State College

There were two notable features of Centre County's economy during the third quarter of this year. First, local industries equalled their record high job performance of the second quarter. Second, local factories stepped up activity. In all aspects for which measures of current performance are available, the record this year is better than it was a year ago.

Area industries have been able to supply jobs for most of the local labor force, even though this year it has been of record size. As a result, unemployment remains at comparatively low level, and the unemployment rate, at around 6 percent, is one of the lowest in the state.

Local factories added more than a seasonal number of workers, on average, during the quarter, and by September were holding steady at the second highest point on record. They also stepped up output, as judged by the use they made of electricity sold at industrial rates. Other industries also ended the quarter with near-record employment.

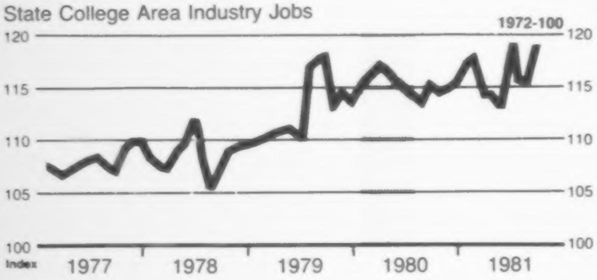
Given the current high level of County operations, any sag in coming months is bound to result in only minimal damage to the overall economy. Since defense spending is a factor here and is beginning to pick up, even the prospect of sag is uncertain.

STATE COLLEGE AREA[1]

	Ave. mo. value 3 Q.'81	Average monthly index seas. adj. (1972 = 100) 3 Q.'81	2 Q.'81	3 Q.'80
Employment (in thousands)				
Employed, no. of residents	43.6	120	120	115
Unemployed, no. of residents	2.9	226	265	232
Civilian labor force, no. in	46.5	124	125	119
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	42.9	116	115	114
Nonmfg. only, no. jobs in	35.2	114	116	113
Mfg. only, no. jobs in	7.6	127	109	120
Industrial electric power sales	***	119	102	107

[1] Centre County

State College Area Industry Jobs



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No Market Boost for Hard Coal

The high cost of energy and uncertainty concerning oil supplies have not developed much of a market for anthracite, according to U.S. Department of Energy reports issued last month.

In 1973, the year of the Arab oil embargo, anthracite mines in this country, all of which are located in Pennsylvania, produced 6,830,000 short tons. In 1980, production was 6,056,000 tons. Last year was the first, in fact, in which a steady production decline was halted. But if fourth-quarter 1981 production runs at the same rate that the first three quarters of this year ran, production will sag again. It is running at an annual rate of no more than about 5,200,000 tons.

Although exports of anthracite rose from 717,000 short tons in 1973 to 1,795,000 tons in 1980 and may top that figure this year, the domestic market is declining. Domestic consumption of hard coal dropped from 5,672,000 tons in 1973 to 3,671,000 in 1980, and the decline was steady.

In 1973, residential and commercial users accounted for 51.4 percent of the consumption; in 1980, for 41.6 percent. Coke plants have reduced their consumption from 8.2 percent of the total to 4.5 percent. The electric utilities have held their consumption to a little over 25 percent of the total. Other industrial users have, indeed, increased theirs from 15 to nearly 28 percent of the total; but this has not been enough to spur production. In a period in which they were increasing their demand for tonnage by 180,000 a year, utilities reduced theirs by 492,000 and residential and commercial users by 1,389,000.

Anthracite Production and Consumption, 1973-1980

(Thousand short tons)

Year	*Production*	*Domestic Consumption*	*Exports*
1973	6,830	5,672	717
1974	6,617	5,448	735
1975	6,203	5,106	640
1976	6,228	5,040	615
1977	5,861	4,803	625
1978	5,037	3,895	866
1979	4,835	3,238	1,233
1980	6,056	3,671	1,795

Source: U.S. Dept. of Energy, *Energy Data Report*, October 23, 1981, Table 10

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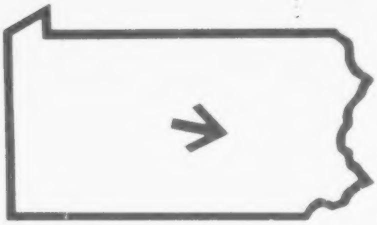


Not Much Change

Economic conditions in Pennsylvania remained about the same, overall, in October as in September, except that more weakness developed among manufacturing industries located in the State, and one or two metropolitan areas became hot spots.

About 52,000 more people worked in October than in September — and that is just about an ordinary seasonal increase. All told, the employed numbered 5,005,000, a very high number compared with past history.

Industries other than manufacturing added more workers in October than is their custom. As a result, the job level for these nonmanufacturing industries as a group moved up to about the same level maintained during the summer months. It had dropped below that in September, thanks in part to cutbacks in federally supported job programs and some teachers' strikes.

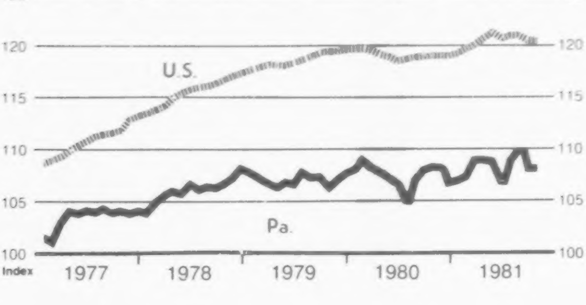
It wasn't only strike settlements that raised the level. There was a pretty good gain in retail trade jobs, although their level is still comparatively low. Service industries had more than a million workers for the first time in history. They added jobs at a time when their customary seasonal pattern calls for a cutback, and so the adjusted index jumped to a record high. There were even some extra-seasonal gains in the hard-pressed construction industry. Other groups had predominantly seasonal shifts over the month.

There were about 78,000 more people in Pennsylvania's labor force in October than in September. Since only 52,000 found work, there was an increase in unemployment that was not a customary seasonal development. The unemployment rate is currently running around 8.5 percent. As is to be expected in October, layoffs from industry increased in number. While much of the increase in new claims for unemployment benefits (by which layoffs are measured) was seasonal, some was not. This is the third month in which a certain amount of unseasonal increase has occurred, suggesting that generally slackened economic conditions are responsible. Still, the claims level has not risen as high as it did during last year's brief recession.

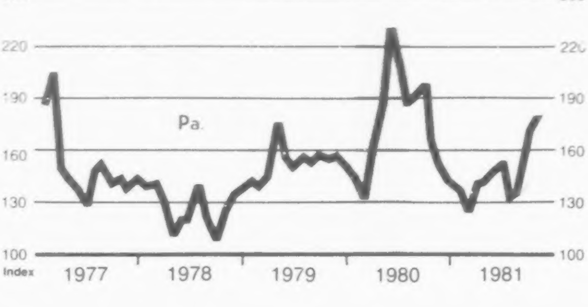
Except for residential building, awards of contracts for construction held at a pretty good level in October. That level was sustained mostly, however, by contracts let for a few huge sewer and bridge projects in Philadelphia and Pittsburgh. Commercial construction awards were not bad, but contracts for residential construction fell almost to the 1980 recession low point.

It is in factory activity that weakness in economic conditions shows most clearly at present. Factory manhours worked weekly dropped just a shade below the 1980 recession low point. Total factory payrolls worked per week are dropping, which tends to diminish purchasing power.

Total Employment



Initial Claims — Unemployment Compensation

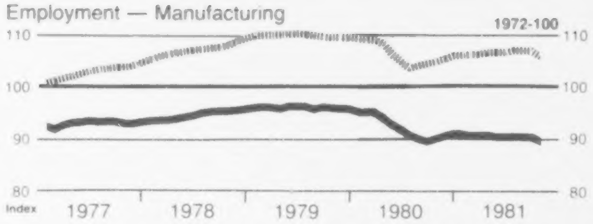


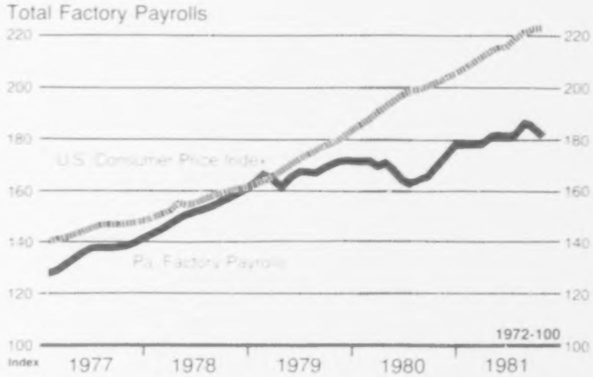
PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University December 1981

The average factory workweek is relatively short, an element in payrolls. And in October fewer factory jobs were reported than for any month on record for more than twenty years. Some 21,500 jobs were lost over the previous thirty days, to drop the total below 1.3 million for the first time. Throughout the second and third quarters, factory job shifts from month to month were predominantly seasonal; the October drop was, however, more than seasonal, and reflects slackness in demand for both durable and soft goods.

The steel industry continues to decline. In October Pennsylvania mills made the smallest tonnage since August 1980. Daily average production amounted to no more than 51,900 tons and was indexed at one of the lowest points on record. Production this year is running at an annual rate of 25.4 million tons — not quite so bad as last year when it was 23 million; but, the way things are going, total tonnage for 1981 could fall below 25 million. Early weekly reports for November do not suggest solid improvement. Some companies in the industry nationwide are attempting to spread the impact of poor business by laying off a larger number of workers for shorter periods rather than a smaller number for longer periods. Others are shutting down certain operations completely. One steel company (not in Pennsylvania) has filed for bankruptcy.





Economic Activity in Pennsylvania	1981		1980	Seasonally Adjusted Indexes (1972 = 100.)		
				1980	1981	
	Sept.	**Oct.**	Oct.	Oct.	Sept.	**Oct.**
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage & salaried jobs in (thous.)	4,681*	**4,705**	4,773	107.4	105.2*	**105.5**
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,349*	**3,396**	3,456	116.0	112.8	**114.0**
Manufacturing: No. of wage & salaried jobs in (thous.)	1,307*	**1,286**	1,309	90.3	90.1*	**88.8**
Hrs. worked by prod. workers in, ave. wkly.	39.2*	**39.2**	38.8	97.4	97.9*	**98.4**
Total factory man-hours worked (mil. wkly.)	36.4	**35.6**	36.2	84.6	84.8*	**83.3**
Total factory payrolls (mil. $ wkly.)	308.4*	**300.6**	281.8	170.1	184.7*	**181.4**
Steel production (thous. tons)	1,889	**1,609**	2,026	81	78	**64**
Industrial electric power sales (mil. kwh)	3,908	**3,840**	3,805	109	109	**111**
Mining: Anthracite (thous. net tons)	408	**562**	567	82	70	**81**
Bituminous coal (thous. net tons)	8,080	**n.a.**	8,106	111	115	**n.a.**
Construction contracts awarded, value ($ mils.) Total	381.0	**456.1**	502.9	170	134	**156**
Residential building	150.3	**136.5**	189.0	159	122	**111**
Other building	160.0	**149.1**	183.5	162	161	**136**
Nonbuilding (utilities and public works)	70.7	**170.6**	130.3	195	113	**243**
Employment of Pa. Residents:						
Employed, total number (thous.)	4,953	**5,005**	5,031	108.3	107.8	**107.8**
Unemployed: Total number (thous.)	441	**467**	416	160.0	166.4	**179.1**
Rate (percentage of labor force)	8.2	**8.5**	7.6	—	—	—
Rate, seasonally adjusted	8.2	**8.7**	7.8	—	—	—
Civilian labor force, number in (thous.)	5,394	**5,472**	5,447	111.1	111.0	**111.7**
General Business Activity:						
Bank debits, percentage change in dollar volume of: From previous month		**– 4.5**				
From same month, previous year		**+ 23.1**				

Notes:
* = Figure revised   n.a. = Data not available

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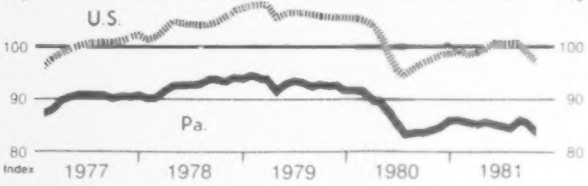
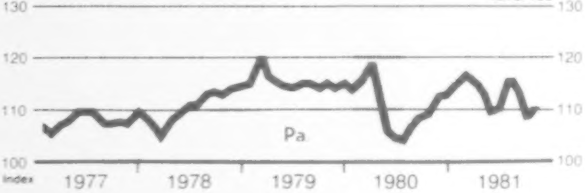
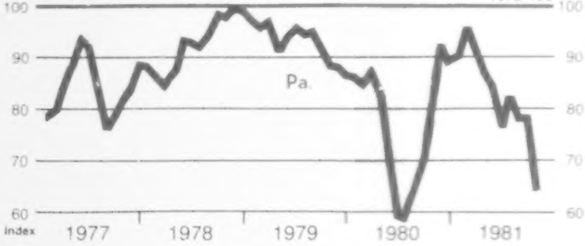
Factory Man-Hours Worked



Industrial Power Sales



Steel Production



Present conditions have dealt certain Pennsylvania areas relatively harsh blows. Johnstown in particular feels the slackness in steel demand. Williamsport is experiencing weakness in both its factory and other industries. Altoona's factories have held their jobs, but other industries have dropped their job level, as a group, to its lowest point in several years. All three of these areas are rather small, and are heavily dependent directly or indirectly on capital spending (for new plant and equipment). They do not have enough diversification to offset bad times in certain industries. Other areas either do not show visible signs of sag at this time, or the signs are slight.

Pennsylvania's performance in October did not differ much from that of the Nation. The number of persons at work in the United States did not change from September to October. The level of factory jobs dropped. The job level rose in retail trade and services. Factory activity slackened. The labor force continued to enlarge in number, and unemployment got worse, since employment did not expand significantly.

If very little change was good news, there were signs that when the November figures become available they won't be so good. Inventory stocks are rising — and not just in interest-sensitive industries; so production can be expected to drop further. Personal income was bolstered in October by Federal pay raises. That won't be repeated. Layoffs seem to be increasing. There won't be time to evaluate holiday shopping or to see much benefit from lower interest rates or the October tax cut. So conditions can be expected to weaken in both Nation and State for the near future; and we won't know until midwinter whether or not there was a lift at year-end.

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Paul H. Rigby, Assistant Dean and Director of the Center for Research
Rodney A. Erickson, Director — Pa. Economic Analysis Program
A. E. Warne, Editor
Doris Bickle, Staff Assistant

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Sept. 1980	251.7	143.7
Oct.	253.9	146.5
Nov.	256.4	149.2
Dec.	258.4	150.9
Jan. 1981	260.5	151.4
Feb.	263.2	151.8
March	265.1	152.1
April	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8[r]
Oct.	279.9	149.5

Sources: Consumer prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board

An Idea Worth Reconsidering?

7% Unemployment May Be "Full Employment"

Nearly two years ago, Professor Robert E. Hall of Stanford University was contending that the United States has been trying to sustain too low a level of unemployment, and so was helping to generate inflation. As described in an article by Leonard Silk at that time,[1] Professor Hall accepted the concept that every economy has a "natural" rate of unemployment, and that efforts to push or hold unemployment below that natural rate inevitably help to cause inflation. He defines the natural rate as the rate at which wage inflation is neither worsening nor improving. When unemployment drops below its natural rate, the rate of compensation to labor speeds up; when unemployment climbs above its natural rate, wage increases begin moderating.

Professor Hall presented to the National Bureau of Economic Research evidence that the natural rate for the United States is on the order of 6.8 percent. He had econometric evidence that the year-to-year rate of wage

[1] "Jobless Rate's Link to Inflation," by Leonard Silk, *The New York Times*, 4/4/80, p. D2.

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inflation rises about one-half percentage point for every percentage point that the actual unemployment rate falls short of the natural rate. Hence the natural rate must equal the actual rate plus twice the annual increase in wage inflation (2 is the reciprocal of 1/2). During the 1970s wage inflation increased by an average of three-tenths of 1 percent a year. Therefore, Professor Hall concluded that the natural rate of unemployment had risen to 6.8 percent (6.2 percent plus 2 times 0.3). Conceivably the bottom of the range for the natural rate might be as little as 6 percent, because inflation caused by outside sources such as rising world oil and food prices might have fed back into wage rates. But Professor Hall thought that for the foreseeable future the country might have to adjust to a sustainable employment level that would yield an unemployment rate of 6.5 or 7 percent.

According to Mr. Silk, exceeding the natural rate would help to push down the overall rate of inflation in the near term; but what about the far term? "Mr. Hall's logic implies," he said, "that if the United States wants price stability, it must accept an unemployment rate of 6 to 7 percent for years." Reducing the natural rate of unemployment of the country in Professor Hall's experience is not very feasible; but Professor Martin Feldstein, president of NBER, was more optimistic that it could be reduced by improving education and training of young people.

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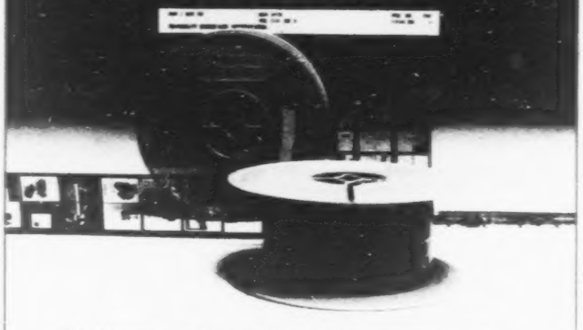

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Outlook: Some Improvement in '82

By Rodney A. Erickson*

Pennsylvania's economy continued in the doldrums during November, with indications of further slippage from the previous month. While the Commonwealth has been faring better than some other Manufacturing Belt states during the current national slump, the number of Pennsylvanians holding jobs declined and unemployment inched upward.

The slippage in the level of total employment was 14,000 jobs below the October level. There were still very nearly 5 million employed residents; but several months of stagnation or decline left total employment at 112,000 below the all-time peak hit in August of '81.

The number of unemployed increased by only 6,000 compared to much larger increases in recent months. The size of the labor force also contracted somewhat, undoubtedly reflecting the discouragement of many unemployed who have temporarily dropped out of the labor force and are no longer actively seeking jobs. Despite these rather small changes, November is normally a month in which employment can be expected to rise and, as a result, the seasonally adjusted unemployment rate hit 9 percent for the first time since last June.

Similarly, the number of wage and salaried jobs in Pennsylvania's nonagricultural industries continued to hover at about 4.7 million jobs, down only 10,000 from the October level. Nonmanufacturing jobs increased by 24,000, which is more than the expected seasonal addition. The increase does not, however, suggest growth. Rather, it reflects mostly an increase in the state and local government sector caused by the return to work of Philadelphia's striking teachers, after October statistics were gathered. This put a good many "new" workers on the scene in November when typically fewer are expected.

In other nonmanufacturing sectors, retail trade added 8,000 jobs, less than would be expected during a holiday season month, in keeping with the many gloomy reports of retail sales expectations. Construction dropped slightly, although not as much as would be expected for November. Other nonmanufacturing sectors showed little change over the previous month.

The overall increases in the nonmanufacturing sector were not large enough to offset the continued decline in the state's manufacturing sector, where jobs fell to a level of 1,267,000—the lowest number of manufacturing workers in decades. The continued manufacturing slump is reflected in the November declines in industrial electric power used. Steel production also fell to 1.45 million tons, almost its low at the trough of the 1980 recession.

The Pennsylvania economy clearly reflects the current national slump. Revised third-quarter GNP estimates showed a small 1.4 percent inflation-adjusted increase. But most other indicators have signalled recession since the second quarter.

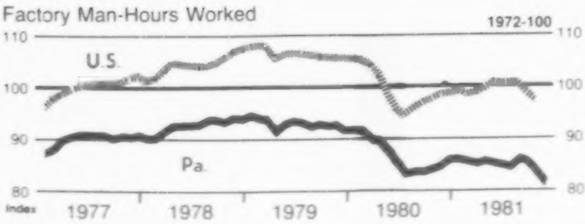
Nationally, average weekly hours for production workers have fallen, and initial claims for unemployment compensation are up sharply. The capacity utilization rate for manufacturing has fallen further from a very weak 79.9 percent during the first quarter of 1981; the fourth quarter will probably show only a 75 or 76 percent utilization rate. New orders for goods are stagnant, and inventory additions accounted for the positive third quarter GNP growth. New business formations are off, and reports of high business failure rates abound—although the percentage of business accounts receivable more than 90 days past due has not increased, suggesting a less gloomy picture than is currently

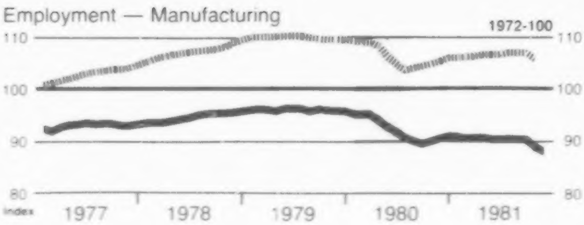
---

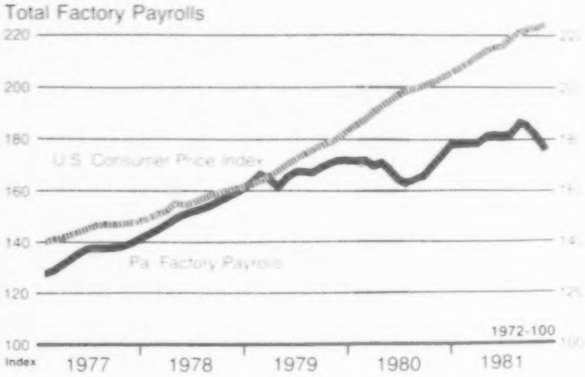
*Dr. Erickson is director of the Pennsylvania Economic Analysis Program in the Center for Research of Penn State's College of Business Administration. He is also associate professor of geography in the College of Earth and Mineral Sciences, and is affiliated academically with the departments of marketing and business logistics in the College of Business Administration.

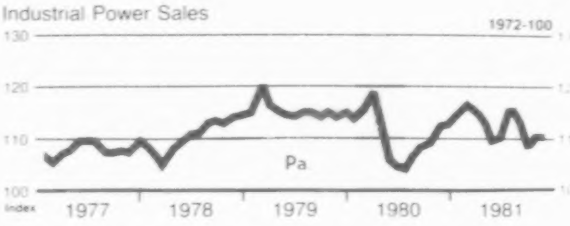
PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **January 1982**


Factory Man-Hours Worked


Employment — Manufacturing


Total Factory Payrolls


Industrial Power Sales

painted. Business capital investment has been increasing only very slowly, and residential construction remains severely depressed. New home purchases were up slightly in November, a small blip in the troubled housing industry.

Economic Activity in Pennsylvania

Economic Activity in Pennsylvania	1981 Oct.	1981 Nov.	1980 Nov.	Seasonally Adjusted Indexes (1972 = 100.) 1980 Nov.	1981 Oct.	1981 Nov.
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage & salaried jobs in (thous.)	4,703*	**4,693**	4,781	107.5	105.5	**105.6**
Nonmanufacturing:						
No. of wage & salaried jobs in (thous.)	3,396	**3,420**	3,463	116.1	114.0	**114.7**
Manufacturing:						
No. of wage & salaried jobs in (thous.)	1,284*	**1,267**	1,310	90.6	88.6*	**87.6**
Hrs. worked by prod. workers in, ave. wkly.	39.1*	**39.3**	39.4	97.7	98.1*	**97.5**
Total factory man-hours worked (mil. wkly.)	35.5*	**35.1**	36.8	85.1	83.0*	**81.1**
Total factory payrolls (mil. $ wkly.)	298.8*	**297.4**	291.7	173.0	180.4*	**176.4**
Steel production (thous. tons)	1,609	**1,448**	2,180	93	64	**62**
Industrial electric power sales (mil. kwh)	3,840	**3,680**	3,726	113	111	**110**
Mining:						
Anthracite (thous. net tons)	562	**676**	525	83	81	**106**
Bituminous coal (thous. net tons)	7,652	**n.a.**	6,722	107	107	**n.a.**
Construction contracts awarded, value ($ mils.)						
Total	456.1	**341.4**	490.4	182	156	**124**
Residential building	136.5	**120.8**	134.3	149	111	**132**
Other building	149.1	**200.2**	216.5	205	136	**186**
Nonbuilding (utilities and public works)	170.6	**20.3**	139.6	195	243	**30**
Employment of Pa. Residents:						
Employed, total number (thous.)	5,005	**4,991**	5,028	108.1	107.8	**107.3**
Unemployed:						
Total number (thous.)	467	**473**	412	161.9	179.1	**185.2**
Rate (percentage of labor force)	8.5	**8.7**	7.6	—	—	—
Rate, seasonally adjusted	8.7	**9.0**	7.9	—	—	—
Civilian labor force, number in (thous.)	5,472	**5,463**	5,440	111.0	111.7	**111.5**
General Business Activity:						
Bank debits, percentage change in dollar volume of:						
From previous month		− **5.0**				
From same month, previous year		+ **38.5**				

Notes:

* = Figure revised n.a. = Data not available

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U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Nov., 1980	256.4	149.2
Dec.	258.4	150.9
Jan. 1981	260.5	151.4
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July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5

Sources: Consumer prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

The prospects for the aggregate national economic performance in the fourth quarter suggest real declines in GNP of 5 to 6 percent. The November unemployment rate for the United States stood at 8.4 percent, and could approach 9 percent by early 1982. With this kind of national economic performance, it is little wonder that Pennsylvania has had tough going, especially with its greater-than-average dependence on the manufacturing sector.

That the state's 9 percent (seasonally adjusted) unemployment rate in November was only six-tenths of a percentage point above the national level has surprised many. One reason why it has not gone higher may be that so much of the less competitive manufacturing was "wrung out" of the state's economy during the 1970s. In addition, the 1980 and 1981 downturns came so close together that manufacturing had no chance to rise much in the interval from that minimum. Nonetheless, some local labor markets with a high dependence on certain kinds of manufacturing are now very hard pressed.

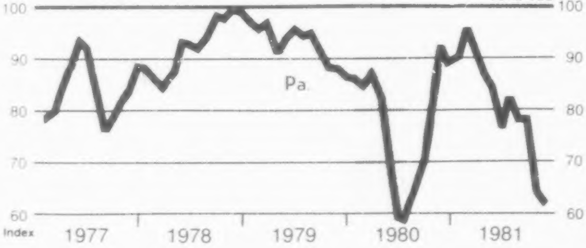
The consensus among forecasters seems to be that the current national slump will have bottomed out at the end of 1981 or, more likely, in the first quarter of 1982. Recently released leading indicators provide some preliminary support for this view. By the second quarter, the economy should exhibit a positive real rate of GNP growth once again.

What are some of the reasons for this optimism? Interest rates—which many project to fall through the first half of the year—will contribute to recovery, despite some likely upward movement in the second half of the year. Consumer prices probably will rise in the 7-8 percent range, which should be a welcome relief from the past three years. The current glut of oil on the world market has created some stability in petroleum prices, and some prognosticators even suggest the possibility of declining inflation-adjusted prices of oil over the next couple of years, barring unforeseen disturbances.

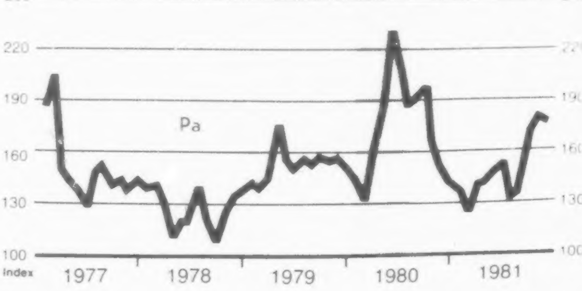
Projected increases in business profits, an increase in the savings rate of households, and the business tax breaks enacted last August should signal better prospects for business investment. However, surveys of executives regarding capital spending plans suggest only a slowly increasing rate of business investment, understandable given the present low rates of capacity utilization. Another round of tax cuts for individuals slated for July (barring any recision by Congress) should help to revive the economy further during the second half of the year. This, coupled with lower interest rates, should provide some initial relief for the ailing automobile industry and other durables sectors, paving the way for a better year in 1983.

The construction industry will also see some improvement in 1982. The office boom of 1981 is slowing, but industrial building and both single and multiple family housing are

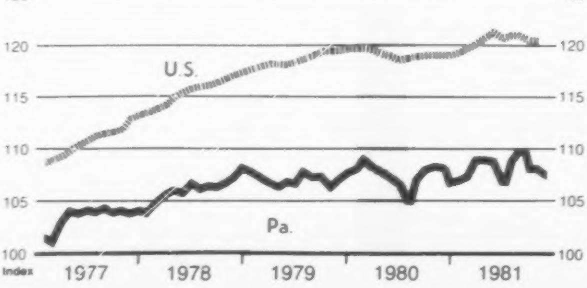
Steel Production



Initial Claims — Unemployment Compensation



Total Employment



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projected to increase. Overall, the recovery in construction will be dampened by long-term interest rates that fall only slowly and that may begin to rise again later in the year.

Despite passing the 100-million jobs mark later in the year, the national economy will continue to experience rather high unemployment. Projections indicate that an unemployment rate of about 7.5 percent is the best that can be expected.

Given this scenario, the Pennsylvania economy can be expected to share in the recovery, with some lag time involved. The state economy traditionally lags the nation in the business cycle, taking more time to regain lost ground. Pennsylvania's manufacturing base, which is relatively larger than that of the nation, tends to respond more slowly in recovery as inventories created during the downturn must be cleared before firms rehire or add other new workers. The state's larger proportion of industries with relatively slow-growing demand also serves to slow the recovery in Pennsylvania. We should be prepared for some further deterioration in the state's economy before things begin to improve later in the year.

While improvement in the national economy is regarded as quite certain by most forecasters, the extent and timing of the recovery are subject to some debate. Projections of the growth rate of real GNP in 1982 generally range from 2 to 4 percent.

Based on past relationships between changes in real GNP and changes in Pennsylvania jobs and unemployment, Pennsylvania should experience some improvement over the course of the year. Assuming a rather modest 2 percent growth rate in real GNP, the state could expect to regain about 50,000 jobs.

If the state's labor force holds steady at slightly more than 5.4 million persons, unemployment might come down to about 425,000 jobless. This translates into an average monthly unemployment rate for 1982 of about 7.8 percent—not what we'd like, but an improvement over the 8.3 percent that the state has averaged over the first eleven months of 1981. Substantial month-to-month variation can be expected, depending upon the course and timing of the projected recovery.

Current Downturn Officially A Recession

The National Bureau of Economic Research, whose determinations are accepted by the Federal Government, has ruled that a national recession began in July 1981.

July was the peak of the previous business cycle expansion period, and also marks the onset of a recession.

The expansion period, 12 months long, was the shortest since 1919.

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How bad is bad?

Recently it was announced that Pennsylvania's unemployment rate rose, on a seasonally adjusted basis, to 11.2 percent of the labor force in January, and that an estimated 642,000 persons were out of work in this State. That is the largest number of unemployed ever estimated in a single month in Pennsylvania, and 135,000 more than were reported for December. It put the unemployment rate into double digits, on an adjusted basis, for the second consecutive month.

There is no question but that unemployment is undesirably high in Pennsylvania; there seems little question but that sluggish general economic conditions are taking their toll. Ever since August, the number of unemployed has increased each month (427,000 for August; 441,000, 467,000, 473,000 and 507,000 respectively through December) at a time when monthly reductions are the rule. According to seasonal patterns calculated by the Center for Research in Penn State's College of Business Administration, unemployment in August is ordinarily 101.3 percent of an average month's unemployment in any given year; in September, 100 percent; October, 98.4; November, 96.4; and December, 92.5 percent. Because in 1981 unemployment worsened instead of improving, and did so for four successive months, we have to think that general slowdown in national conditions was mainly responsible. In Pennsylvania, it takes that long for business cycle conditions to dominate other influences in monthly unemployment changes; and the National Bureau of Economic Research confirms that a recession started this year in July and has not ended yet.

But are the January statistics to be taken entirely at face value? A review of the manner in which they are gathered and analyzed is helpful in answering that question.

The figures are estimates, based on a household sampling survey. Anything that is sampled rather than counted is subject to what the statisticians call "sampling error." The figures can vary from one period to another solely because of chance in the drawing of the sample. In some types of information, the variations are small; in others, large. The statisticians have ways of testing to see to what extent the variations are likely to be the result of chance. They have found that in Pennsylvania, while employment (which is ten times the size of unemployment) varies within very narrow limits and for which estimates are extremely reliable, unemployment is extremely volatile. Large month-to-month variations can occur just from the drawing of the sample.

Then there is the seasonal pattern of unemployment in Pennsylvania. Typically, unemployment is at its second lowest point of the year in December, and at its highest in January. It characteristically increases 16.1 percent between December and January, whether times are good or bad. That means that of the 135,000 increase that the report says took place, some 81,627 could have been merely the usual seasonal addition, on top of an already relatively large unemployment count late last year. Less than 40 percent (53,373) of the month's increase could reasonably be attributed to other factors.

A "seasonally adjusted unemployment rate" is a hypothetical number. It is not an actual percentage of labor force who are out of work. It says approximately, "This is what the rate *might be* if there were no seasonal pattern to it at this time of year." We have seen that there is indeed a lot of seasonality in the shift between December and January. All that the adjusted rate is saying is: "Look out, folks. Not all the increase in unemployment we had this year in January came from seasonal layoff of holiday workers and seasonal shutdown of outdoor activities. On top of an already pretty large number of unemployed, we have something else helping to push up the rate this year." The adjusted rate doesn't reveal what that something else is; but in this instance we have a pretty good notion that a big part of it is the recession because of the way in which unemployment was behaving during the last four months of 1981.

The seasonal adjustment of unemployment is less accurate than could be wished. The adjustment method used assumes that the size of the increase or decrease is proportional to the level of unemployment. This works well for employment, but not so well with the large seasonal swings and dramatic changes in level over short periods of time that are characteristic of unemployment.

An annual review of the State College area will appear in next month's issue.

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **February 1982**

This year an additional factor is present: harsh winter weather. In January (and this will be true also of February), Pennsylvania had its share of extreme cold, which tends to shut down or at least disturb, some activities that would normally have continued during the winter. It is not possible now to distinguish readily between recession effects and the temporary effects of the cold spell. Previous experience shows that weather-related slowdowns can largely (although not entirely) be recovered ultimately.

The present situation is not entirely new. Although the January estimate of unemployment is of record size, the December figure of roughly half a million is not unknown in Pennsylvania's experience. During 1958, when Pennsylvania's labor force had about 830,000 fewer people in it than it does now, this State averaged just under 500,000 unemployed not for one month, or two, or three, but for the whole year. That was a bad enough recession, but it still wasn't depression, which some people are beginning to suggest we may now have.

When you talk depression, you're talking about national unemployment rates that ranged between 20 and 25 percent for four years and stayed in the teens for an additional five years during the Thirties. We have a long way to go before we get into that situation.

The rate and the number of unemployed by themselves don't tell anything about hardship. Is the unemployed person the sole support of a family? Is he a secondary worker? Is he unemployed full-time or part-time? If the latter, by choice or necessity? Has he been out of work long, or only briefly? All that the rate and number do is to count the available labor supply and relate that information to the size of the entire labor force.

Human interest stories about unemployed individuals and their families are being featured in the news media. It is easy to conclude that cases of extreme hardship are numerous and widespread; but many have been drawn from industries (like auto manufacture and building construction) that have been extremely hard-hit by high interest rates or other factors. It is important to distinguish between the heartbreaking situations that have developed because of the condition of some of these particular industries and the overall condition of the economy of nation and state.

The Pennsylvania Economy (1975-1981)

	1975	1976	1977	1978	1979	1980	1981
Pennsylvania Industries							
Nonagricultural, no. of wage & salaried jobs in (mo. ave. in 000's)	4,446	4,521	4,575	4,734	4,816	4,762	4,695
Nonmanufacturing, no. of wage & salaried jobs in (mo. ave. in 000's)	3,101	3,178	3,223	3,352	3,420	3,425	3,390
Service and misc.	799	840	863	904	945	969	986
Retail trade	671	699	717	753	753	744	732
State and local government	587	590	583	595	590	594	579
Federal government	134	132	128	130	131	134	131
Contract construction	185	180	184	200	204	190	181
Wholesale trade	216	221	222	231	239	245	243
Finance, insurance and real estate	207	211	218	227	234	237	240
Transportation	154	155	161	166	171	161	149
Public utilities	103	101	101	101	102	102	103
Mining	46	48	48	47	52	50	47
Manufacturing, no. of wage & salaried jobs in (mo. ave. in 000's)	1,335	1,335	1,342	1,368	1,387	1,328	1,293
Durable goods producers	813	805	810	828	854	814	785
Nondurable goods producers	522	531	532	540	533	514	508
Hours worked by factory production workers, ave. wkly.	38.8	39.2	39.5	40.0	39.9	38.8	39.2
Total factory man-hours worked (000 wkly.)	36,948	38,053	38,387	39,561	39,687	36,887	32,969
Total factory payrolls (000 dollars wkly.)	184,165	204,024	224,684	251,954	277,348	279,940	298,485
Steel production (000 tons)	25,813	26,735	25,740	28,107	28,196	23,502	24,052
Industrial electric power sales (000,000 kwh)	40,869	43,191	44,485	45,566	47,633	45,569	46,090
Mining:							
Anthracite (000 net tons)	6,203	6,228	5,861	5,037	4,835	6,056	5,745
Bituminous coal (000 net tons)	84,137	85,777	84,639	81,477	89,167	87,069	76,061*
Construction contracts awarded, value (million dollars)							
Total	3,009	3,869	3,861	4,795	4,626	5,246	4,769
Residential building	840	1,030	1,689	2,044	2,013	1,616	1,571
Nonresidential building	1,302	1,315	1,302	1,290	1,626	2,035	1,940
Nonbuilding (utilities & public works)	867	1,524	870	1,461	987	1,595	1,258
Employment of Pennsylvania Residents							
Employed, total number (mo. ave. in 000's)	4,647	4,690	4,767	4,891	4,930	4,950	4,972
Unemployed:							
Number (mo. ave. in 000's)	421	404	398	364	366	417	452
Rate (% of labor force)	8.3	7.9	7.7	6.9	6.9	7.8	8.3
Civilian labor force, number (mo. ave. in 000's)	5,069	5,094	5,165	5,255	5,296	5,368	5,424

*12 Month Total (Dec. 80-Nov. 81)

In short, it might be prudent to reserve judgment on what the January unemployment figures for Pennsylvania mean until we get more perspective on them.

A look at what happened to *employment* in Pennsylvania last year should help to provide that perspective. On average, each month in 1981, more Pennsylvanians held jobs than ever did before, some 4,972,000 of them. This record was achieved in spite of two years of back-to-back recession, and in spite of the fact that this state had its largest labor force ever — 56,000 more than were in it in 1980.

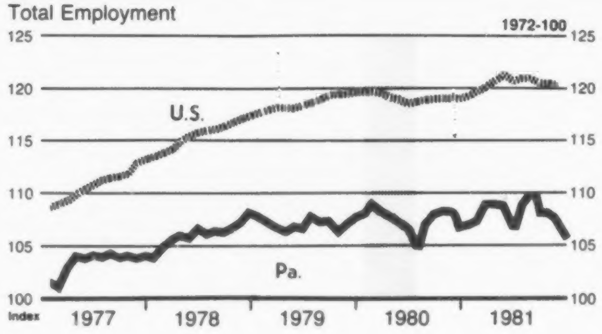
As recently as August, more Pennsylvanians worked than ever had in any single previous month — 5,103,000. In September and October, the number employed hovered between 4.9 and 5.0 million. Although the usual seasonal additions did not occur from month to month last fall, it was only in December that the total fell below 4.9 million. In that month about 105,000 fewer people worked than did in November. Most of the disappointments that came last fall took the form of failure to add jobs rather than from extensive layoffs of people who formerly held jobs.

True, the number of layoffs increased a little feverishly in September and October, as measured by new claims filed for unemployment benefits. Nevertheless, their volume remained small in comparison with total employment (new claims ran between 120,000 and 140,000 in months when employment was, respectively, 4,953,000 and 5,005,000). In November and December, the fever cooled. Fewer new claims were filed than one would expect according to usual seasonal practice. Informal reports suggest the January claims level dropped also, if for no other reason than that fewer people hired for the holidays meant fewer people laid off afterwards. A rapidly deteriorating economy should produce continued, rising feverishness in claims for unemployment benefits. So far, that hasn't happened.

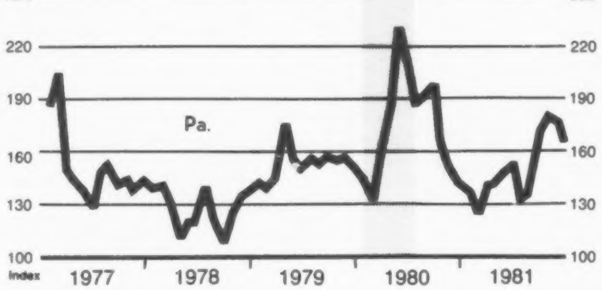
If unemployment figures don't reveal hardship, employment figures don't tell anything about wellbeing of the individual, except that he is not entirely without work. Is he working full-time or part-time? By his choice or by necessity? Is he making good use of his abilities? Is he being paid well or poorly? None of these questions is answered by the mere count of persons holding some sort of jobs. But when a lot of people are at work, that information provides some assurance that the bottom isn't dropping out of the economy; a good level of activity is being maintained, and a considerable amount of support is being supplied to personal incomes.

The employment figures don't even reveal where the resident of Pennsylvania works. Some people live in this state and commute to jobs in other states; and the reverse is, of course, true. There is evidence that industries located in Pennsylvania may have been affected by conditions more than industries outside the state to which residents of Pennsylvania commuted. Nonmanufacturing industries reported a monthly average job count that was smaller in 1981 (at 4,695,000) than it had been in any year since 1977. Some of these job losses resulted from factors other than cyclical downturn. Local government, which has been operating in a climate of retrenchment, was a notable loser. So was transportation, which has been suffering not only from slack demand for manufactured goods, but also from the effects of trucking deregulation. Retailers, who held their

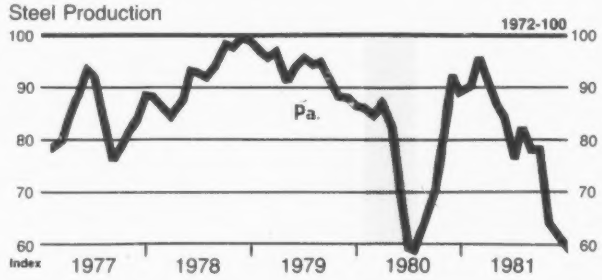
Total Employment



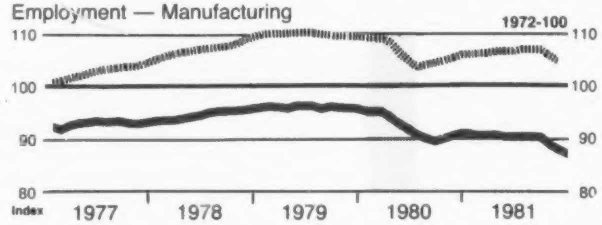
Initial Claims — Unemployment Compensation



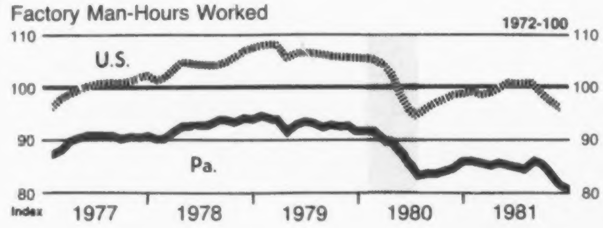
Steel Production



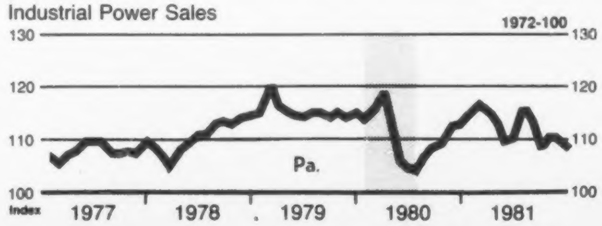
Employment — Manufacturing



Factory Man-Hours Worked



Industrial Power Sales



job offerings steady in 1978 and 1979 and cut back during the recession years of 1980 and 1981, presumably controlled their hiring as closely as their inventories. Against these contractions, the service industries continued to expand, rising to a record 986,000 jobs.

For the first time the manufacturing industries of Pennsylvania employed fewer than 1.3 million workers — the 1981 monthly average was 1,293,000. Those who remained at work did, however, average a longer workweek and used more electricity for production, compared with 1980.

Last year was undeniably wretched for the steel industry, both nationally and in Pennsylvania. With two major customers, the auto and construction industries, in bad straits, such demand as there was came mainly from the oil industry; but that too began to slacken before the year ended. Only one year was worse for steel — 1980, when Pennsylvania production slipped just below 24.0 million tons. The worst single month since 1962 came in December 1981, when Pennsylvania produced only 1,430,000 tons.

Something interesting happened in 1980 and 1981, however, to the relationship between Pennsylvania's steel mills and those in the rest of the country. Long thought aging and obsolete, to be used mainly at times of peak national production, Pennsylvania mills actually increased their share of national production, at a time when conditions have never been worse. From 1978, when Pennsylvania production amounted to about 20.6 percent of the whole, through the middle of 1980, the Pennsylvania share rose, culminating in a high of 21.9 percent in September of that year. The share held at over 21 percent from that point on through April 1981. Perhaps the rigorous housecleanings done by some of the major steel companies in the late Seventies are working to Pennsylvania's advantage.

Other Pennsylvania indicators generally had 1981 levels that were lower than they had been in the preceding year or two. Soft coal production was notably under prior years. A long strike in the industry in 1981 — it began on March 27 and ended June 25 — dented production to a point that was not later recovered.

Coming months are not likely to produce good news on economic conditions, even though inflation for all of 1981 is reported at 8.9 percent. We are betwixt and between: The forces that have pulled activity down are still in place, and the forces that are supposed to perk it up haven't been fully felt yet.

Economic Activity in Pennsylvania

	1981		1980	*Seasonally Adjusted Indexes (1972 = 100.)*		
	Nov.	**Dec.**	Dec.	1980 Dec.	1981 Nov.	**1981 Dec.**
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage & salaried jobs in (thous.)	4,689	**4,658**	4,769	107.6	105.5	**105.0**
Nonmanufacturing:						
No. of wage & salaried jobs in (thous.)	3,417	**3,397**	3,455	116.0	114.6	**114.1**
Manufacturing:						
No. of wage & salaried jobs in (thous.)	1,266	**1,254**	1,310	90.8	87.6	**86.9**
Hrs. worked by prod. workers in, ave. wkly.	39.3	**39.0**	39.7	99.0	97.5	**97.2**
Total factory man-hours worked (mil. wkly.)	35.0*	**34.3**	37.0	86.7	80.8*	**80.2**
Total factory payrolls (mil. $ wkly.)	296.6*	**292.9**	297.2	177.6	175.9*	**175.1**
Steel production (thous. tons)	1,448	**1,430**	2,138	89	62	**59**
Industrial electric power sales (mil. kwh)	3,680	**3,642**	3,844	113	110	**108**
Mining:						
Anthracite (thous. net tons)	676	**485**	470	78	106	**80**
Bituminous coal (thous. net tons)	6,649	**n.a.**	7,636	117	103	**n.a.**
Construction contracts awarded, value ($ mils.)						
Total	341.4	**387.4**	322.1	142	124	**161**
Residential building	120.8	**100.6**	117.0	168	132	**146**
Other building	200.2	**138.3**	135.7	147	186	**146**
Nonbuilding (utilities and public works)	20.3	**148.5**	69.4	100	30	**201**
Employment of Pa. Residents:						
Employed, total number (thous.)	4,991	**4,886**	4,938	106.5	107.3	**105.5**
Unemployed:						
Total number (thous.)	473	**500**	403	163.5	185.2	**204.0**
Rate (percentage of labor force)	8.7	**9.3**	7.5	—	—	—
Rate, seasonally adjusted	9.0	**10.0**	8.1	—	—	—
Civilian labor force, number in (thous.)	5,463	**5,386**	5,341	109.6	111.5	**110.8**
General Business Activity:						
Bank debits, percentage change in dollar volume of:						
From previous month		**+ 17.0**				
From same month, previous year		**+ 29.2**				

Notes:
* = Figure revised   n.a. = Data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Data on employment have been revised to first quarter 1980 bench marks.

Around the State

Southeastern Quarter

Harrisburg

Two recessions a year apart have had very little effect on the economy of the Harrisburg area. Employment continued to reach new records in both 1980 and 1981. If the unemployment rate edged up out of the five percent range and barely into six percent, it was merely because the area's labor force expanded. Although there were 9,700 more people at work, on average, each month in 1981 than in 1980, there were nearly 11,000 more people in the labor force.

Local factories lost a few hundred more jobs in 1981, after losing 1,100 in 1980. Other evidence of slackness in this sector was a shorter average workweek and less use of electricity for production. However, other industries gained 1,600 jobs over the year to reach a new all-time annual peak. There are about 4¼ jobs in these industries for every local factory job.

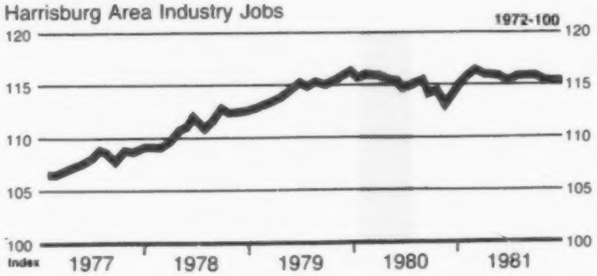
Despite the general overall steadiness of activity, the local steel industry was among individual activities that were very hard-hit.

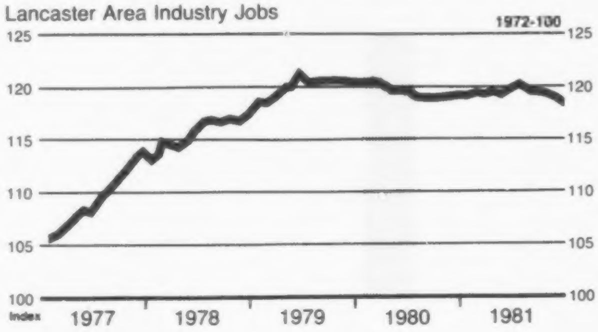
Coming months may see local job levels sag from where they are now (which is virtually at peak); but any deterioration should be minor.

	1977	1978	1979	1980	1981
HARRISBURG					
Employment (in thousands)					
Civilian labor force, no. in	209.0	212.6	217.0	219.5	230.4
Employed, no. of residents	197.0	202.1	206.1	206.9	216.6
Unemployed, no. of residents	11.9	10.5	10.8	12.6	13.8
Unemployment rate, mo. ave. (%)	5.7	5.0	5.0	5.8	6.0
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	40.0	41.9	43.6	42.5	42.2
Other industries, no. jobs in (in thousands)	167.9	172.5	177.5	179.1	180.7
Hrs. worked by production workers in mfg., ave. weekly	39.5	39.7	41.0	40.4	39.9
Industrial electric power sales (index, 1972 = 100)	300	304	326	313	301

HARRISBURG AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	218.5	118	118	112
Unemployed, no. of residents	14.1	273	241	241
Civilian labor force, no. in	232.6	122	122	116
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	223.1	115	116	114
Nonmfg. only, no. jobs in	181.8	118	119	117
Mfg. only, no. jobs in	41.3	103	105	104
Hrs. worked by production workers in mfg., ave. weekly	39.1	98	99	101
Industrial electric power sales	***	301	338	332
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	− 0.7	***	***	***
From same quarter, previous year	+ 30.4	***	***	***





Lancaster

Lancaster County has had hardly any damage either from the recession we're now in or from the short one we had last year. In spite of sharp growth in its labor force, it had an unemployment rate last year of no more than 5.5 percent, only nominally above 1980's rate of 5.4 percent.

There were an estimated 500 more unemployed in the area, as a gain of 4,800 in employment was not quite enough to take care of all 5,300 more entrants to the labor force. The increase in employment brought it to a record high point — a monthly average of 173,100.

However, in the fourth quarter local industries slacked off their job offerings a little. Factories were no worse than they had been a year earlier; but other industries cut back a little harder.

Use of checking accounts in the area suggests a brisker pace of activity this year than last, toward the end of the year.

Lancaster experienced rapid growth in the mid-Seventies.

	1977	1978	1979	1980	1981
LANCASTER					
Employment (in thousands)					
Civilian labor force, no. in	165.0	170.7	175.7	177.9	183.2
Employed, no. of residents	156.7	162.9	167.7	168.3	173.1
Unemployed, no. of residents	8.3	7.8	8.0	9.6	10.1
Unemployment rate, mo. ave. (%)	5.0	4.6	4.6	5.4	5.5
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	56.7	59.2	60.9	59.4	59.4
Other industries, no. jobs in (in thousands)	84.6	90.1	94.0	94.9	94.5
Hrs. worked by production workers in mfg., ave. weekly	39.7	40.0	40.7	39.9	39.3
Industrial electric power sales (index, 1972 = 100)	113	112	116	113	113

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[1] Cumberland, Dauphin and Perry Counties

That topped off in the second half of 1979 and there hasn't been comparable expansion since. Nevertheless, this area's economy is doing extremely well.

LANCASTER[1]

	Ave. mo. value 4 Q.'81	Average monthly index seas. adj. (1972 = 100) 4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	173.8	118	120	115
Unemployed, no. of residents	11.0	255	200	223
Civilian labor force, no. in	184.8	122	122	118
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	154.7	119	120	119
Nonmfg. only, no. jobs in	95.2	126	127	128
Mfg. only, no. jobs in	59.5	108	109	108
Hrs. worked by production workers in mfg., ave. weekly	38.9	96	97	99
Industrial electric power sales	***	117	119	117
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 0.3	***	***	***
From same quarter, previous year	+ 20.6	***	***	***

[1] Lancaster County

Philadelphia

This metropolitan area held up well during the recessions of 1980 and 1981. In 1980, a new monthly employment record was made of more than two million persons at work. In 1981, that figure dropped back 20,500, but still the number was the second highest, at 1,979,800.

Because some people stopped looking for jobs this year, unemployment fell by 12,100, to average 34,100 a month. They, however, represented a larger share of the area's labor force than they had the year before. So the unemployment rate rose to 7.6 percent — highest in four years — after dropping briefly out the seven percent range in 1980.

Fourth quarter establishment data are not available at this time from the Office of Employment Security because of difficulties with reporting the New Jersey portion of the figures. A review of the first three quarters shows that factory activity was very poor in the second and third quarters and there were signs of more deterioration at the end of the third quarter. Other industries gained jobs, but only in their usual proportions — there was no expansion beyond this point.

A distinction needs to be made between the overall economy of the area and certain sectors of activity or groups of people. Certain factory activities have been badly damaged by recession and inflation-control efforts. Certain groups of workers suffer disproportionately when times go bad, and Philadelphia has a substantial share of some of these groups.

From an overall perspective, the situation currently doesn't look too bad. The area unemployment rate is below that of the state. But the end of the recession is not in sight, this area can be expected to sink further, and the plight of especially hard-hit segments is not likely to be helped much in coming months.

	1977	1978	1979	1980	1981
PHILADELPHIA AREA					
Employment (in thousands)					
Civilian labor force, no. in	2,058.4	2,081.6	2,119.4	2,146.4	2,142.9
Employed, no. of residents	1,880.8	1,930.1	1,971.2	2,000.3	1,979.8
Unemployed, no. of residents	177.7	151.5	148.2	146.2	134.1
Unemployment rate, mo. ave. (%)	8.6	7.3	7.0	6.8	7.6
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	446.4	451.0	454.0	439.6	
Other industries, no. jobs in (in thousands)	1,381.4	1,433.2	1,464.7	1,471.5	
Hrs. worked by production workers in mfg., ave. weekly	39.8	40.0	40.1	39.9	
Industrial electric power sales (index, 1972 = 100)	107	109	110	107	106

PHILADELPHIA AREA[1]

	Ave. mo. value 4 Q.'81	Average monthly index seas. adj. (1972 = 100) 4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	1,973.7	104	106	107
Unemployed, no. of residents	173.3	158	140	127
Civilian labor force, no. in	2,147.0	107	108	108
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	. .			
Nonmfg. only, no. jobs in	. .			
Mfg. only, no. jobs in	. .			
Hrs. worked by production workers in mfg., ave. weekly	. .			
Industrial electric power sales				
Metropolitan area	***	106	105	108
Chester	***	116	119	118
Philadelphia	***	99	98	99
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 6.3	***	***	***
From same quarter, previous year	+ 35.4	***	***	***

[1] Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

Reading

Berks County had an excellent year in 1981. A new record monthly average of people working was made — some 148,500 of them. Local industries added more jobs, and the unemployment rate stayed well under that of the State.

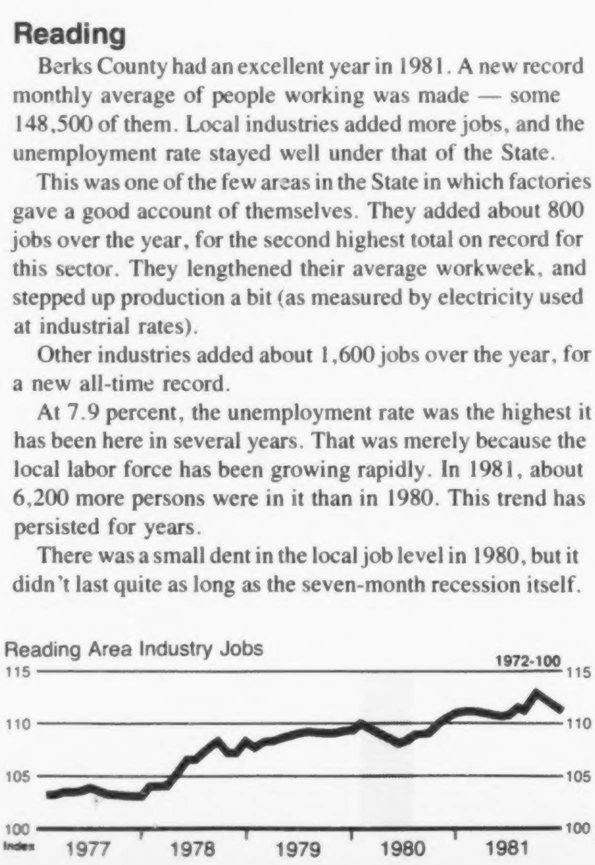
This was one of the few areas in the State in which factories gave a good account of themselves. They added about 800 jobs over the year, for the second highest total on record for this sector. They lengthened their average workweek, and stepped up production a bit (as measured by electricity used at industrial rates).

Other industries added about 1,600 jobs over the year, for a new all-time record.

At 7.9 percent, the unemployment rate was the highest it has been here in several years. That was merely because the local labor force has been growing rapidly. In 1981, about 6,200 more persons were in it than in 1980. This trend has persisted for years.

There was a small dent in the local job level in 1980, but it didn't last quite as long as the seven-month recession itself.

Reading Area Industry Jobs



In 1981, three months after the onset of the current recession, the local job level continued to rise. It sloped down afterwards, however, for the rest of the year.

We're not out of the current recession, and this job loss may continue; but it should not be serious.

	1977	1978	1979	1980	1981
READING					
Employment (in thousands)					
Civilian labor force, no. in	143.5	145.9	150.4	155.0	161.2
Employed, no. of residents	134.5	137.8	142.1	143.5	148.5
Unemployed, no. of residents	9.0	8.1	8.4	11.6	12.8
Unemployment rate, mo. ave. (%)	6.3	5.5	5.6	7.5	7.9
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	51.0	53.4	54.8	53.7	54.5
Other industries, no. jobs in (in thousands)	80.7	82.2	84.1	85.8	87.4
Hrs. worked by production workers in mfg., ave. weekly	39.1	38.6	38.4	39.4	39.6
Industrial electric power sales (index, 1972 = 100)	106	118	126	120	121

READING[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	151.2	113	114	110
Unemployed, no. of residents	12.7	319	256	266
Civilian labor force, no. in	163.9	120	119	115
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	144.5	112	112	110
Nonmfg. only, no. jobs in	89.4	121	120	120
Mfg. only, no. jobs in	55.1	100	102	99
Hrs. worked by production workers in mfg., ave. weekly	39.5	98	97	99
Industrial electric power sales	***	121	117	120
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 1.7	***	***	***
From same quarter, previous year	+ 20.9	***	***	***

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[1] Berks County

York

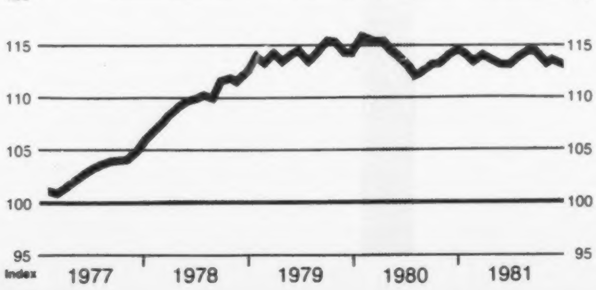
York and Adams Counties recovered before the end of 1980 virtually all of the job loss suffered during the seven-month recession of last year. During 1981, this job level held fairly steady, fluctuating within rather narrow limits. Local factories dropped 300 jobs over the year; other industries, about 200.

Since some residents of the area work outside of it, this did not prevent a new record from being reached for total employment. A monthly average of about 165,500 persons was maintained last year — up 2,800 from the year before.

There were also about 1,800 more people unemployed because of labor force growth. This pushed the unemployment rate for the area up to 7.7 percent — a relatively high point for this area, but a good record compared with most areas of Pennsylvania.

Probably some sag will continue as long as the current recession persists; but it will start from a very good operating level and probably won't be severe. If this time past practice is repeated, activity should turn up promptly as soon as the national recession ends.

York Area Industry Jobs



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Note

All five-year area tables represent monthly averages for each year.

	1977	1978	1979	1980	1981
YORK					
Employment (in thousands)					
Civilian labor force, no. in	157.5	164.3	171.2	174.7	179.3
Employed, no. of residents	147.6	155.7	162.4	162.7	165.5
Unemployed, no. of residents	10.0	8.6	8.9	12.0	13.8
Unemployment rate, mo. ave. (%)	6.3	5.2	5.2	6.9	7.7
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	59.6	64.1	66.1	65.9	65.6
Other industries, no. jobs in (in thousands)	82.4	87.4	91.2	90.8	90.6
Hrs. worked by production workers in mfg., ave. weekly	41.1	41.7	41.5	40.2	40.8
Industrial electric power sales (index, 1972 = 100)	116	126	129	125	122

YORK AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	166.9	113	116	112
Unemployed, no. of residents	13.9	315	264	260
Civilian labor force, no. in	180.7	120	120	117
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	157.7	113	114	114
Nonmfg. only, no. jobs in 17	91.1	116	116	116
Mfg. only, no. jobs in	66.5	110	111	111
Hrs. worked by production workers in mfg., ave. weekly	40.9	97	99	97
Industrial electric power sales	***	121	123	123
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 17.1	***	***	***
From same quarter, previous year	+ 48.7	***	***	***

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[1] Adams and York counties

Northeastern Quarter

Allentown-Bethlehem-Easton

This metropolitan area went into 1981 in pretty good economic shape. There had been a dip in conditions during the brief 1980 recession; but recovery was prompt and visible recession damage had been erased by the end of that year. The first quarter of 1981 also was good. More residents of the area held jobs than is typical of that time of year. Factory activity picked up, and other industries maintained good job levels. The labor force, however, expanded more than seasonally.

Conditions sagged a little in the second quarter, but that did not continue in the third. As for the fourth quarter, conditions did not sag until employment dropped in November and December. Local factories reduced work force and cut down production, but did not shorten the working time of those factory employees who remained on the job.

On balance, 1981 was quite a good year for this area. The hard times being endured by the steel and construction industries have not thrown the area too far off balance. Employment was, on average, higher than ever before. Local industries other than manufacturing maintained the second highest level on record. Only factory activity dipped. The monthly average work force in this sector was the smallest since 1965. This sector never recovered its losses during the 1980 recession. That was enough to stop job expansion in other industries.

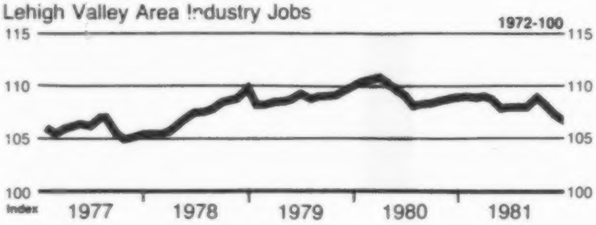
Coming months can scarcely promise much improvement in conditions here; but the good, solid performance of 1981 is reassuring.

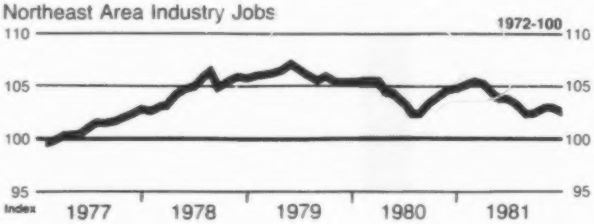
	1977	1978	1979	1980	1981
LEHIGH VALLEY AREA					
Employment (in thousands)					
Civilian labor force, no. in	293.1	293.0	297.6	302.7	309.6
Employed, no. of residents	272.4	275.2	278.1	281.6	283.9
Unemployed, no. of residents	20.7	17.8	19.5	21.1	25.7
Unemployment rate, mo. ave. (%) ...	7.1	6.1	6.5	7.0	8.3
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	107.9	109.7	110.0	107.8	105.4
Other industries, no. jobs in (in thousands)	148.5	150.5	153.8	156.9	156.5
Hrs. worked by production workers in mfg., ave. weekly	38.2	38.2	38.2	38.2	38.6
Industrial electric power sales (index, 1972 = 100)	101	107	112	106	108

LEHIGH VALLEY AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	283.2	109	111	109
Unemployed, no. of residents	27.2	292	228	227
Civilian labor force, no. in	310.4	116	115	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	261.6	107	108	109
Nonmfg. only, no. jobs in	157.7	119	119	120
Mfg. only, no. jobs in	103.5	93	96	96
Hrs. worked by production workers in mfg., ave. weekly	38.8	103	103	103
Industrial electric power sales.				
Metropolitan area	***	106	109	104
Allentown	***	103	102	100
Bethlehem	***	110	118	108
Easton	***	95	96	97
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 3.7	***	***	***
From same quarter, previous year	+ 14.2	***	***	***

[1] Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.





Northeast

It is rather important to note that in two successive years of national recession this area's level of economic activity has dropped no lower than it was as recently as early 1978. That was not an extremely high level — but in the past this area typically has been hurt worse by recessions. There is no reliable way to account for the differences in the area's response to national conditions, except to suggest that in 1980 and 1981 recession effects have been more selective than they were in earlier recessions. The industries hardest hit to date nationally simply are not all that heavily represented in this area.

The area went into 1981 in quite a favorable position. The midyear job losses sustained during the 1980 recession had largely been recovered by the end of that year and conditions did not begin to worsen until the second quarter. By the end of the third quarter most of the 1980 recovery had been lost. The fourth quarter was marked mostly by the usual seasonal shifts.

On average, 1981 employment lagged 1980 by about 700 persons and 1979 by 100; but it was better than prior years. Factory jobs dropped by 200, which was enough to reach the lowest point in recent history. Jobs in other industries reverted to their 1978 level. Fortunately, the size of the labor force stabilized, or unemployment would be worse. As it is, it is up about 700 from 1980 and into a double-digit rate for the first time in quite a while. Unemployment is a bit worse in Luzerne County than in Lackawanna. Factories did better in the latter than the former, but the reverse is true of other industries. Next year a comparison of manufacturing and nonmanufacturing activity county by county will not be possible because the Office of Employment Security will no longer report these figures except for the metropolitan area.

It is quite likely that activity levels will drop below 1978 levels before things get better here. National sluggishness is apt to persist too long for this area to hold up much longer.

NORTHEAST AREA[1]

	Ave. mo. value 4 Q. '81	Average monthly index seas. adj. (1972 = 100) 4 Q. '81	3 Q. '81	4 Q. '80
Employment (in thousands)				
Employed, no. of residents	257.5	104	105	106
Unemployed, no. of residents	30.3	169	145	162
Civilian labor force, no. in	287.9	109	108	110
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	237.5	103	102	104
Nonmfg. only, no. jobs in	167.9	116	114	118
Mfg. only, no. jobs in	69.5	81	82	82
Hrs. worked by production workers in mfg., ave. weekly	37.1	100	98	98
Industrial electric power sales	***	101	101	101
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	− 1.0	***	***	***
From same quarter, previous year	+ 14.5	***	***	***

[1] Lackawanna, Luzerne and Monroe counties

SCRANTON AREA[1]

	Ave. mo. value 4 Q. '81	Average monthly index seas. adj. (1972 = 100) 4 Q. '81	3 Q. '81	4 Q. '80
Employment (in thousands)				
Employed, no. of residents	95.0	103	104	104
Unemployed, no. of residents	9.6	189	153	188
Civilian labor force, no. in	104.7	107	106	109
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	85.0	98	98	101
Nonmfg. only, no. jobs in	57.1	107	106	112
Mfg. only, no. jobs in	27.9	84	86	85
Hrs. worked by production workers in mfg., ave. weekly	39.1	101	99	96
Industrial electric power sales	***	97	95	99

[1] Lackawanna County

WILKES-BARRE/HAZLETON AREA[1]

	Ave. mo. value 4 Q. '81	Average monthly index seas. adj. (1972 = 100) 4 Q. '81	3 Q. '81	4 Q. '80
Employment (in thousands)				
Employed, no. of residents	138.2	101	102	103
Unemployed, no. of residents	18.3	159	137	145
Civilian labor force, no. in	156.6	106	105	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	122.3	101	101	101
Nonmfg. only, no. jobs in	85.6	116	116	117
Mfg. only, no. jobs in	36.8	77	78	78
Hrs. worked by production workers in mfg., ave. weekly	35.7	98	98	99
Industrial electric power sales				
Metropolitan area	***	103	105	106
Hazleton	***	112	113	113
Wilkes-Barre	***	83	93	97

[1] Luzerne County

	1977	1978	1979	1980	1981
NORTHEAST AREA					
Employment (in thousands)					
Civilian labor force, no. in	273.0	278.0	283.2	287.4	287.4
Employed, no. of residents	246.4	254.4	258.5	259.1	258.4
Unemployed, no. of residents	26.6	23.6	24.8	28.3	29.0
Unemployment rate, mo. ave.(%)	9.7	8.5	8.7	9.8	10.1
Local industries					
Manufacturing industries, no. jobs in (in thousands)	70.9	73.3	73.6	70.8	70.6
Other industries, no. jobs in (in thousands)	161.8	168.0	170.3	168.9	168.0
Hrs. worked by production workers in mfg., ave. weekly	36.1	36.9	36.7	36.4	36.5
Industrial electric power sales (index, 1972 = 100)	98	100	101	98	98

Figures are monthly averages for the year.

Sources: Pa. Bureau of Employment Security; Center for Research, College of Bus. Ad., Penn State Univ.

	1977	1978	1979	1980	1981
SCRANTON					
Employment (in thousands)					
Civilian labor force, no. in	100.3	102.2	104.1	105.1	104.9
Employed, no. of residents	90.8	93.9	95.4	95.6	95.4
Unemployed, no. of residents	9.4	8.3	8.8	9.5	9.6
Unemployment rate, mo. ave. (%)	9.4	8.1	8.4	9.0	9.1
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	26.7	28.1	28.3	27.8	28.1
Other industries, no. jobs in (in thousands)	56.8	58.0	58.9	58.8	57.3
Hrs. worked by production workers in mfg., ave. weekly	37.6	38.8	37.3	36.3	37.6
Industrial electric power sales (index, 1972 = 100)	96	102	102	97	96

	1977	1978	1979	1980	1981
WILKES-BARRE					
Employment (in thousands)					
Civilian labor force, no. in	147.8	149.7	152.4	155.3	155.4
Employed, no. of residents	133.0	136.5	138.7	139.1	138.7
Unemployed, no. of residents	14.8	13.1	13.7	16.2	16.6
Unemployment rate, mo. ave. (%)	10.0	8.8	9.0	10.4	10.7
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	39.9	40.7	40.6	38.1	37.7
Other industries, no. jobs in (in thousands)	83.0	85.8	87.1	85.4	85.6
Hrs. worked by production workers in mfg., ave. weekly	35.0	35.6	36.2	36.5	35.7
Industrial electric power sales (index, 1972 = 100)	104	105	105	102	100

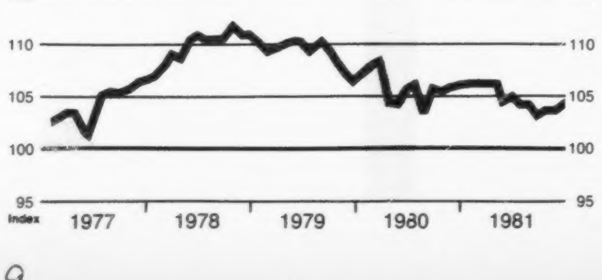
Williamsport

Last year was not at all bad for this area, the economy of which had dropped from the fourth quarter of 1978 through the recession of 1980, ending in the third quarter of that year.

There was some job improvement through the fourth quarter of 1980, well into the first half of 1981; but during the summer that improvement was lost. By September, with a new recession under way, the level was slightly worse than it had been at the end of the 1980 recession. Later in the year there was a little improvement.

On average, it turned out that 1981 had about 400 more

Williamsport Area Industry Jobs



employment and 100 more persons unemployed. The unemployment rate, which had averaged 12.0 percent in 1980, edged up to 12.2 percent in 1981. About 400 factory jobs were lost over the year, and 100 jobs in other industries. Nevertheless, factories averaged the longest workweek they had had here in three years.

It is not too probable that the slight upturn seen at the end of 1981 will amount to much. Improved capital spending could benefit this area quite a lot, but that doesn't seem to be in the cards for the very near future.

	1977	1978	1979	1980	1981
WILLIAMSPORT					
Employment (in thousands)					
Civilian labor force, no. in	50.6	52.0	52.5	53.0	53.5
Employed, no. of residents	46.0	47.9	47.5	46.6	47.0
Unemployed, no. of residents	4.6	4.1	5.0	6.4	6.5
Unemployment rate, mo. ave. (%)	9.1	7.9	9.6	12.0	12.2
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	17.8	18.2	18.0	16.2	15.8
Other industries, no. jobs in (in thousands)	28.2	30.4	30.1	30.6	30.5
Hrs. worked by production workers in mfg., ave. weekly	39.0	39.8	39.4	39.4	39.7
Industrial electric power sales (index, 1972 = 100)	111	117	116	110	109

WILLIAMSPORT AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	47.0	104	106	105
Unemployed, no. of residents	6.1	260	280	239
Civilian labor force, no. in	53.1	112	114	112
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	46.3	104	104	106
Nonmfg. only, no. jobs in	30.6	119	120	121
Mfg. only, no. jobs in	15.8	83	82	85
Hrs. worked by production workers in mfg., ave. weekly	40.3	101	101	101
Industrial electric power sales	***	108	105	111
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+15.2	***	***	***
From same quarter, previous year	+36.7	***	***	***

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[1] Lycoming County

Northwestern Quarter

Erie

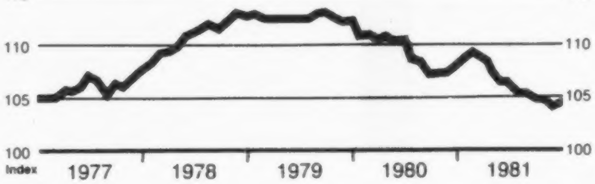
Last year was not an especially good one for Erie County's economy. In the last quarter of 1980, recovery began of jobs lost during the brief recession in that year. As 1981 began, that recovery was still in progress; but it didn't last past the first quarter.

In the second quarter, activity sagged. It leveled off in the third quarter, even though another recession began in July — one that has not yet ended. Fourth quarter losses were slight; but by that time activity levels were down once again to about where they had been four years earlier.

For 1981 as a whole, monthly average unemployment was the least it had been since 1977. The factory job level was the lowest it had been since 1964, after a short gasp of improvement during the first half of the year. After dropping from February through September, the job level for other industries stabilized toward the end of the year at its lowest point since the first quarter of 1978.

This area shares the fortunes of the large industrial concentration in the Great Lakes basin. That area has been hit harder than other parts of the country by the efforts to slow inflation. Only when demand for durable goods improves is Erie likely to pick up — and that doesn't happen to be in the cards for the next few months.

Erie Area Industry Jobs



	1977	1978	1979	1980	1981
ERIE					
Employment (in thousands)					
Civilian labor force, no. in	118.9	122.6	125.3	127.2	124.9
Employed, no. of residents	109.8	114.2	116.3	115.7	112.7
Unemployed, no. of residents	9.1	8.4	9.1	11.5	12.2
Unemployment rate, mo. ave. (%)	7.7	6.9	7.2	9.1	9.8
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	42.8	43.8	44.7	42.2	40.5
Other industries, no. jobs in (in thousands)	67.4	71.5	72.2	71.0	69.7
Hrs. worked by production workers in mfg., ave. weekly	41.2	41.6	41.4	40.8	41.0
Industrial electric power sales (index, 1972 = 100)	113	120	123	115	119

ERIE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	112.3	106	108	110
Unemployed, no. of residents	11.9	221	224	222
Civilian labor force, no. in	124.1	112	113	115
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	110.0	104	105	107
Nonmfg. only, no. jobs in	69.0	115	115	119
Mfg. only, no. jobs in	40.3	90	91	91
Hrs. worked by production workers in mfg., ave. weekly	41.6	99	98	97
Industrial electric power sales	***	118	122	112
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	− 4.5	***	***	***
From same quarter, previous year	+ 13.8	***	***	***

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[1] Erie County

Southwestern Quarter

Altoona

For Blair County, the short 1980 recession never really ended. The job level for this County started to drop in the fourth quarter of 1979, and the drop continued for six months after that recession ended nationally. The local economy lifted briefly, holding a slightly better level, with mostly ordinary seasonal shifts from month to month, from February through July. Then it fell back with the onset of the 1981 recession in that month. The rest of 1981 saw little further loss; but the local economy flattened out at a point as low as it had reached in January. The level of jobs provided by local industries was the worst it had been in at least five years.

For 1981 as a whole, this meant less employment, more unemployment and less industrial output than Blair County has had in some time. It also meant a double digit unemployment rate, despite the fact that the area's labor force shrank in size. At 57,800, it was about the same size it had been in 1979; but in that year there were 2,100 more County residents holding jobs than there are now (50,900). Obviously, a good many people have concluded, rightly, that their chances of landing a local job are not good. Job conditions now rival those at the end of the 1973-5 recession and monthly average unemployment in 1981 was worse than it had been in any year for a decade. This record was made in spite of the fact that manufacturing contributed quite a bit of strength during the second and third quarters. They steadily gained jobs in the first half of last year and held them during the third quarter. They stepped up output, judged by their use of electricity and their average factory workweek. But they couldn't hold out in the fourth quarter as the Nation once more sank into recession.

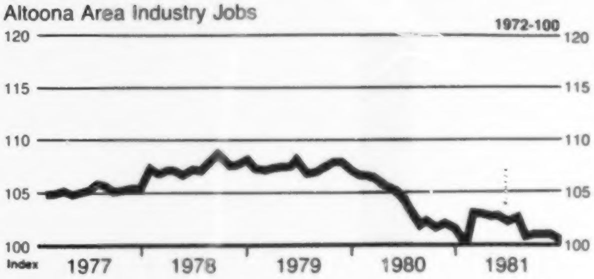
This area is one of those feeling most the national efforts to cool inflation. Coming months do not promise much improvement for such areas because forces pushing their economies down have not abated and those intended to push them up have not proved forceful to date.

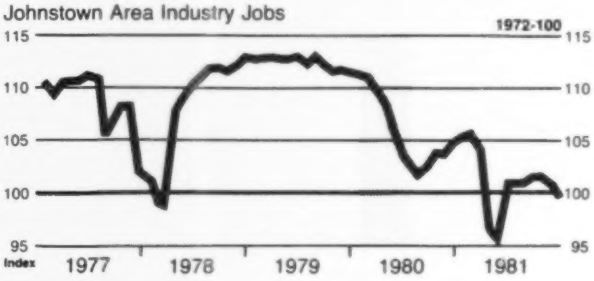
	1977	1978	1979	1980	1981
ALTOONA					
Employment (in thousands)					
Civilian labor force, no. in	55.7	56.6	58.0	60.3	57.8
Employed, no. of residents	51.6	52.2	53.0	54.6	50.9
Unemployed, no. of residents	4.1	4.4	5.1	5.7	6.9
Unemployment rate, mo. ave. (%) ...	7.4	7.9	8.7	9.5	12.0
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	13.1	12.9	13.1	12.6	12.6
Other industries, no. jobs in (in thousands)	38.1	39.2	39.1	37.9	36.7
Hrs. worked by production workers in mfg., ave. weekly	38.1	38.1	39.3	38.4	38.6
Industrial electric power sales (index, 1972 = 100)	116	119	124	119	112

ALTOONA AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	50.5	102	104	109
Unemployed, no. of residents	7.0	209	204	185
Civilian labor force, no. in	57.6	109	111	114
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	49.0	100	101	102
Nonmfg. only, no. jobs in	36.2	108	108	112
Mfg. only, no. jobs in	12.8	84	86	80
Hrs. worked by production workers in mfg., ave. weekly	38.5	103	102	101
Industrial electric power sales	***	113	115	113
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+13.4	***	***	***
From same quarter, previous year	+27.2	***	***	***

[1] Blair County





Johnstown

Not unexpectedly, 1981 turned out to be a bad year for the economy of the Johnstown metropolitan area. Two recession years in a row have taken their toll more in this area than in many others in Pennsylvania. The area's fortunes more closely resemble the difficulties faced by the Nation's industrial heartland than they do the rest of Pennsylvania. The Midwest was severely hit by slack demand for durable goods, as the Nation struggled to cool inflation.

1981 was even harder on this area than 1980. In the latter year, some 2,300 residents of the two-county area lost their jobs. Last year, an additional 4,600 did so. So in two years this area lost nearly 7 percent of its employment while the State rose to a new all-time high. The area had double-digit unemployment rates in both years, even though in 1981 nearly 4,000 people dropped out of the local labor force. Had they not done so, the unemployment rate would have been very much worse.

The year was marked by a coal strike in the second quarter. After it was settled in June, the level of jobs provided by local industries bounced back only half the distance of the drop. The second half of the year saw mostly ordinary seasonal shifts from month to month.

That may be the signal that the worst is over for this area. If little pickup seems possible soon, at least there's a chance that bleeding has pretty well stopped.

	1977	1978	1979	1980	1981
JOHNSTOWN					
Employment (in thousands)					
Civilian labor force, no. in	107.8	108.1	109.0	110.3	106.4
Employed, no. of residents	97.1	97.4	99.6	97.3	92.7
Unemployed, no. of residents	10.6	10.7	9.4	13.0	13.7
Unemployment rate, mo. ave. (%) ...	9.9	9.9	8.7	11.8	12.9
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	21.2	20.2	20.3	18.7	17.0
Other industries, no. jobs in (in thousands)	66.5	67.2	70.3	66.6	64.5
Hrs. worked by production workers in mfg., ave. weekly	39.0	40.2	39.3	37.0	37.3
Industrial electric power sales (index, 1972 = 100)	122	126	132	123	126

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CONGRESSIONAL INFOR SRV-SRI
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U.Ed. 82-630

JOHNSTOWN[1]

	Ave. mo. value 4 Q.'81	Average monthly index seas. adj. (1972 = 100) 4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	91.4	101	104	106
Unemployed, no. of residents	14.3	241	192	228
Civilian labor force, no. in	105.7	110	110	114
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	81.4	100	101	104
Nonmfg. only, no. jobs in	65.1	115	114	117
Mfg. only, no. jobs in	16.2	67	71	74
Hrs. worked by production workers in mfg., ave weekly	36.7	98	101	99
Industrial electric power sales	***	142	119	122
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	− 7.0	***	***	***
From same quarter, previous year	+ 24.2	***	***	***

[1] Cambria and Somerset counties

Pittsburgh

Last year, this metropolitan area gave a pretty good account of itself. This was all the more impressive since the area had suffered some recession damage in 1980, and 1981 marked the onset of a second recession. Besides that, the steel industry suffered a second extremely bad year, after its worst in 1980.

Nevertheless, monthly average employment of area residents increased 17,000 over the year to reach a record high of 959,900. Since the labor force increased in size by more than employment did, unemployment went up too — by 2,300 persons. Still, the increase was small enough to give this area one of the best unemployment rates in Pennsylvania — a monthly average for 1981 of 7.3 percent, only 0.1 percent above 1980 and well under the Pennsylvania 1981 rate of 8.3 percent.

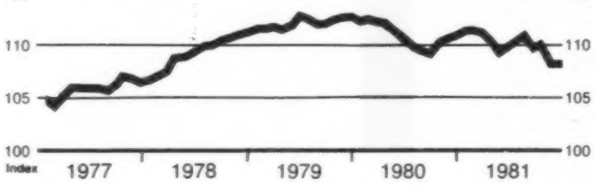
Factories located in the area lost an average of 4,600 jobs over the year, although two of the four quarters (the first and the third) were relatively quiet. The fourth quarter, however, saw the recession really bite hard in this sector. The factory job level hit a record low point; use of electricity for output declined, and the average factory workweek decreased sharply.

Meanwhile, the job level in other industries, which had been close to peak in the first quarter, dropped in the second. A pretty good level was held in the second half of the year.

The area could not hold out indefinitely against national downturn. Total employment declined in the fourth quarter and unemployment increased. Factories lost further ground. Their job count was much below what it had been in the fourth quarter of 1980, right after the previous national recession. But they did a little better in '81 in output and working time. Other industries contracted somewhat over the year, but not nearly so much.

The factors that are pulling down Pittsburgh's economy have not been diminished; but defense spending should for at least a little more this year than last. Once the winter weather is gone, activity may perk up some. This a, however can expect to sag more before a turnaround mes.

Pittsburgh Area Industry Jobs



	1977	1978	1979	1980	1981
PITTSBURGH					
Employment (in thousands)					
Civilian labor force, no. in	966.7	989.0	1,008.1	1,015.9	1,035.2
Employed, no. of residents	903.2	929.7	949.0	942.9	959.9
Unemployed, no. of residents	63.5	59.2	59.1	73.0	75.3
Unemployment rate, mo. ave. (%)	6.6	6.0	5.9	7.2	7.3
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	249.2	251.5	255.1	241.4	236.8
Other industries, no. jobs in (in thousands)	661.5	688.4	709.1	712.4	707.8
Hrs. worked by production workers in mfg., ave. weekly	40.7	40.6	40.8	39.1	40.3
Industrial electric power sales (index, 1972 = 100)	112	109	119	112	117

PITTSBURGH AREA[1]

	Ave. mo. value 4 Q.'81	Average monthly index seas. adj. (1972 = 100) 4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	955.6	111	113	110
Unemployed, no. of residents	80.3	158	135	142
Civilian labor force, no. in	1,035.9	113	114	112
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	941.3	109	110	111
Nonmfg. only, no. jobs in	710.3	118	118	119
Mfg. only, no. jobs in	227.9	88	92	93
Hrs. worked by production workers in mfg., ave. weekly	39.7	98	99	97
Industrial electric power sales	***	109	122	113
Bank debits, percentage change in dollar volume of seas. adj.				
From previous quarter	+ 5.7	***	***	***
From same quarter, previous year	+ 28.2	***	***	***

[1] Allegheny, Beaver, Washington and Westmoreland counties

U 4110-1

No cheerful earful

Pennsylvania's economy took a turn for the worse in January, after having held up well in many respects during the first six months of the current recession. Spreading economic weakness, coupled perhaps with unusually severe weather, put a sharp dent in Pennsylvania's previously good level of employment.

Some 149,000 fewer persons were employed in January than had been in December. Although a drop in January is typical, as seasonal activities shut down, this year only a little more than half of the loss could be ascribed to the usual seasonal shift. Some 70,000 persons ceased to be employed for other reasons. Some of them dropped out of the labor force — that is, they did not actively seek jobs in January.

Unemployment shot up to an estimated total of 642,000. This is an unusually steep rise for any month or year, and its significance is a bit hard to judge at this point. If, as it appears, it is the converse of the employment drop, one would expect a rash of layoffs. That in turn would be reflected in a more-than-seasonal increase in the number of people filing new claims for unemployment benefits. However, that didn't happen. The number of new claims filed was rather small for the month of January. Whether some people were deterred by bad weather from filing during the week in which statistics are gathered, or whether the January estimate of unemployment was somewhat erratic — it is a very volatile indicator — cannot be determined at this time. Once in a while, the behavior of initial claims leads a turn in Pennsylvania's economic fortunes, but it is more reliable in signaling downturns than upturns.

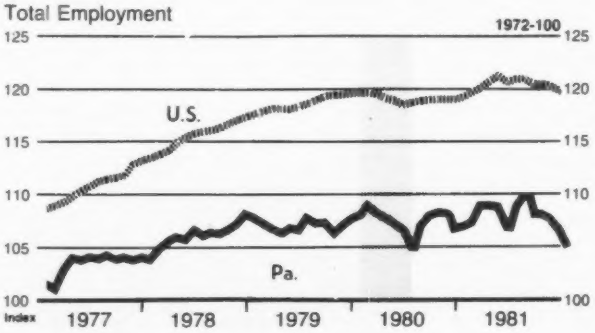
In any case, other indicators of current conditions are showing that Pennsylvania's economy is, indeed, weakening.

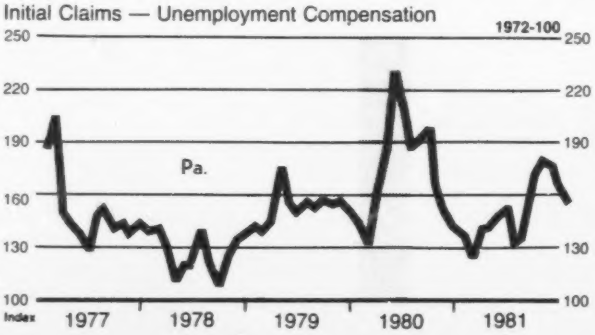
Factory activity sagged. About 20,000 fewer workers were employed in plants located in Pennsylvania in January than had been in December. The average factory workweek shrank nearly an hour. Less electricity was used for factory production.

Pennsylvania steel mills produced 1,480,000 tons. Although that was slightly more than they had made in December, it represented a very poor annual rate — less than 18 million tons. Average daily production, at 47,700 net tons, was a trifle better than the daily rate for December, but otherwise not much can be said for it.

Industries of the State other than manufacturing lost a little, but not much, in shifting from December to January. They dropped 114,000 jobs over the month; but three-quarters of that loss represented ordinary January cutbacks. Fewer than 29,000 lost jobs could be ascribed to other factors. Retail trade and services cut back a trifle more sharply than is their custom at this time of year; but otherwise there were few signs of recession.

Even the hard-hit construction industry seems not to have suffered any more severe damage. The job count in construction did not cut back as much in January as would be customary, although it did drop about 22,600, to total


Total Employment


Initial Claims — Unemployment Compensation

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **March 1982**

154,100. The outlook for this industry, as judged by the value of contracts awarded for future construction, is spotty. Awards for residential building were severely curtailed; but awards for other types of buildings and for other types of construction compare favorably with year-earlier figures. Not that that is very encouraging. There is not much on the horizon now in Pennsylvania to suggest that construction is about to experience a revival very soon.

Judging by the use made of checking accounts in commercial banks in January, general business activity slowed down after Christmas. In short, there was virtually no good news to report for Pennsylvania.

That was also true of the Nation. Employment fell, and the leading index of employment is not yet signaling an end to the fall. Neither is the index of leading indicators, which has been dropping since May. Moreover, the ratio of coincident to lagging indicators, considered a reliable signal of turning points, also fell. Factories operated at only 70.4 percent of capacity, the lowest figure since May 1975 and the sixth month of decline this time around. Sales of new cars were very poor. Personal income rose very little, and boded ill for consumer spending in coming months. Corporate profits fell in the fourth quarter of 1981. Companies that rely heavily on foreign trade were particularly hurt, because of the strength of the dollar. It is thought that the debt burdens of a good many companies are becoming troublesome.

Orders for durable goods are down for the fifth month in the past six. However, they have not fallen as far in this recession as they did even in the brief recession of 1980, partly because of strength in defense spending.

Nationally, the weather has probably had a stronger hand in curbing economic activity than it has had in Pennsylvania. To the extent that weather has been an influence, that much activity will likely be recovered later. And there is just a suspicion that the national housing market may be showing a sign of early stirrings of revival: awards for housing construction held steady in spite of the weather. Otherwise there are few signs of cheer.

Which may be why the word "depression" is being heard more frequently. There seems to be no standardized definition of what constitutes a depression as distinguished from a recession. There are some who think that conditions have changed so much from the Great Depression that the term will have to be rethought for our times. One rule of

Economic Activity in Pennsylvania

	1981-82		1981	Seasonally Adjusted Indexes (1972 = 100.)		
				1981	1981-82	
	Dec.	**Jan.**	Jan.	Jan.	Dec.	**Jan.**
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage & salaried jobs in (thous.)	4,711	**4,576**	4,657	107.8	106.2	**105.9**
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,440	**3,326**	3,359	116.6	115.6	**115.4**
Manufacturing:						
No. of wage & salaried jobs in (thous.)	1,264	**1,244**	1,295	90.5	87.6	**87.0**
Hrs. worked by prod. workers in, ave. wkly.	39.0	**38.1**	39.2	99.4	97.2	**96.6**
Total factory man-hours worked (mil. wkly.)	34.4	**32.9**	35.9	85.2	80.6	**78.1**
Total factory payrolls (mil. $ wkly.)	293.7	**281.8**	291.0	177.4	175.5	**171.8**
Steel production (thous. tons)	1,430	**1,480**	2,221	91	59	**60**
Industrial electric power sales (mil. kwh)	3,642	**3,623**	3,913	115	108	**106**
Mining:						
Anthracite (thous. net tons)	485	**472**	305	57	80	**93**
Bituminous coal (thous. net tons)	7,570	**n.a.**	6,789	130	118	**n.a.**
Construction contracts awarded, value ($ mils.)						
Total	387.4	**255.2**	287.9*	163*	161	**143**
Residential building	100.6	**37.4**	72.4*	122*	146	**63**
Other building	138.3	**118.9**	121.8*	164*	146	**161**
Nonbuilding (utilities and public works)	148.5	**98.9**	93.7*	216*	201	**228**
Employment of Pa. Residents:						
Employed, total number (thous.)	4,930	**4,781**	4,926	108.2	106.4	**104.9**
Unemployed:						
Total number (thous.)	507	**642**	497	174.3	206.8	**225.6**
Rate (percentage of labor force)	9.3	**11.8**	9.2	—	—	—
Rate, seasonally adjusted	10.1	**11.0**	8.5	—	—	—
Civilian labor force, number in (thous.)	5,437	**5,423**	5,422	111.7	111.9	**111.4**
General Business Activity:						
Bank debits, percentage change in dollar volume of:						
From previous month		**− 13.3**				
From same month, previous year		**+ 16.2**				

Notes:
* = Figure revised n.a. = Data not available

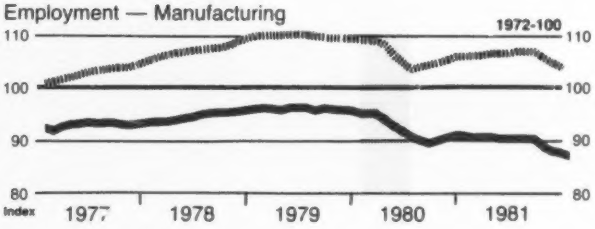
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Data on jobs in Pennsylvania industries have been revised to first quarter 1981 benchmarks.

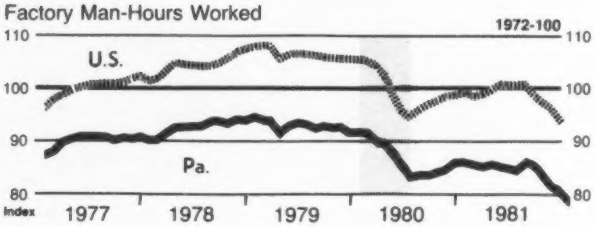
Data on employment of Pennsylvania residents have been revised to Census Bureau 1980 Census of Population counts.

thumb that has been suggested for today is an unemployment rate, seasonally adjusted, of ten percent or higher for twelve successive months. But downturns are defined in terms of depth, duration, and diffusion. As far as can be determined, it is distinctly premature now to characterize what we are going through as depression.

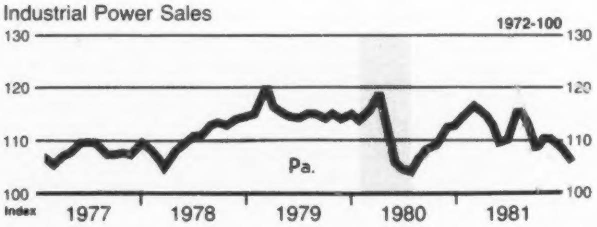
Employment — Manufacturing



Factory Man-Hours Worked



Industrial Power Sales



	U.S. Indexes (1967 = 100) Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Jan. 1981	260.5	151.4
Feb.	263.2	151.8
March	265.1	152.1
April	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1

Sources: Consumer prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

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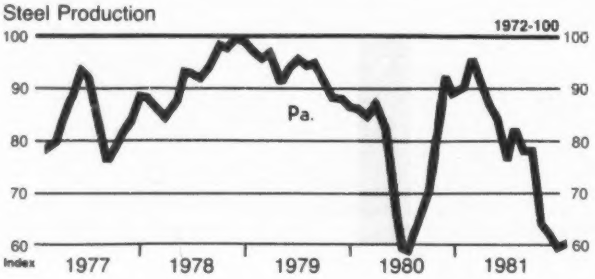
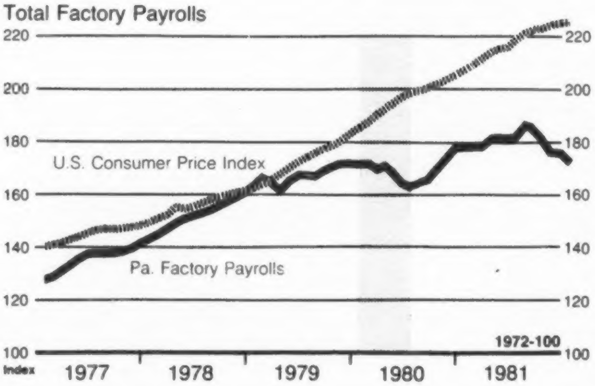
Steel Production



Total Factory Payrolls



Condition of branch rail lines not hurting coal trade

The condition of branch rail lines in Pennsylvania's coal producing regions is not hurting the sale of coal to utilities, states a Pennsylvania State University report.

"Our conclusion is that a state demonstration program of rail branch line rehabilitation is not appropriate at this time," says Dr. Joseph L. Carroll, professor of business administration and director of the study.

The Coal Transportation Task Force of the State Transportation Advisory Committee had suggested state involvement as a possible low-cost way to foster coal development in Pennsylvania.

The report was prepared for the Department of Transportation at Penn State's Pennsylvania Transportation Institute. It predicts only a modest rise in demand for Pennsylvania coal by utilities through 1990—even under the most optimistic projections.

The increase in demand could range from a pessimistic projection of 1 percent annually to an optimistic vision of 2.9

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percent per year, the report says. The optimistic view depends on the conversion of some oil-burning utility plants to coal and the addition of new coal-burning units.

At present, electric utilities buy approximately 60 percent of the Pennsylvania coal mined each year. Thus, Dr. Carroll and three graduate students — C. Lanning Meade, Raymond A. Krammes, and Gary L. Gittings — surveyed approximately 120 utility representatives and coal producers for their study.

"Utilities indicate that the quality of rail service has not been a significant factor in coal purchase decisions in recent years," Dr. Carroll says. "Railroads are improving track conditions on important branch lines and coal producers generally are satisfied with these efforts.

"Pennsylvania coal producers identified only one major problem: the limited capacity of east coast ports."

The state already is involved in solving that problem through a $26 million bond issue to modernize the rail capacity at pier 124 at the port of Philadelphia. That move is designed to triple the pier's capacity to 10 million tons of coal annually by 1984 to 1985.

"This study could find no other such investment that could similarly enhance the market for Pennsylvania coal," Dr. Carroll says.

"The notion that rail branch-line rehabilitation and local transportation improvements are a low-cost way to foster coal development and minimize the adverse impact of coal traffic on the highway system does not appear valid given current levels of demand."

Based on their surveys of utility representatives, the researchers report that existing buyers in Pennsylvania, New York, Delaware and Maryland should provide a stable market base for the state's coal.

"Added units in these states will be the major new markets for Pennsylvania coal. Converted units (from oil) in New England could also be a major new market but the magnitude is uncertain because the utilities currently have no firm plans to convert most of these units to coal."

Annual Review of State College Area

Two recessions in two years have not hurt Centre County's economy from an overview, despite some damage to individual types of business. The employment level continued to rise in 1980 and 1981 to a new high in the latter year.

The unemployment rate has held in the six percent range for two years — up from five percent earlier, but one of the lowest rates in the State.

Local industries on the whole seemed to feel few recession effects.

1981 was the year in which Centre County became a major metropolitan statistical area. More detailed figures can ultimately be expected from this development. They will probably continue to show that this area is very recession-proof.

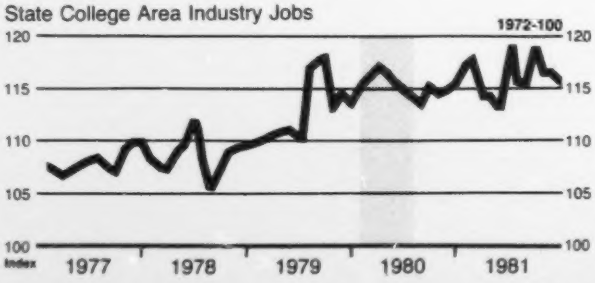
	1977	1978	1979	1980	1981
STATE COLLEGE/BELLEFONTE					
Employment (in thousands)					
Civilian labor force, no. in	41.7	41.9	43.3	45.3	46.6
Employed, no. of residents	39.4	39.7	41.1	42.5	43.5
Unemployed, no. of residents	2.3	2.2	2.2	2.9	3.1
Unemployment rate, mo. ave. (%)	5.4	5.3	5.0	6.3	6.7
Local Industries					
Manufacturing industries, no. jobs in (in thousands)	6.4	6.8	7.2	7.3	7.2
Other industries, no. jobs in (in thousands)	34.3	34.1	35.4	36.2	36.4
Industrial electric power sales (index, 1972 = 100)	115	114	116	111	110

STATE COLLEGE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1972 = 100)		
	4 Q.'81	4 Q.'81	3 Q.'81	4 Q.'80
Employment (in thousands)				
Employed, no. of residents	44.3	119	120	117
Unemployed, no. of residents	3.2	253	226	229
Civilian labor force, no. in	47.5	124	123	121
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	44.7	116	116	115
Nonmfg. only, no. jobs in	37.0	113	114	113
Mfg. only, no. jobs in	7.7	130	127	123
Industrial electric power sales	***	111	119	113

[1] Centre County

State College Area Industry Jobs



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Gains, Yes — Turn Around? Can't Tell Yet

Economic conditions in Pennsylvania improved in several ways in February. Employment gained 69,000, which was a strong gain for that time of year. Unemployment dropped 44,000, which was more than could be expected from its usual seasonal pattern. The unemployment rate was lower both before and after seasonal adjustment.

Some industry groups — not manufacturing — increased jobs more than seasonally for the second month. In February, all told the nonmanufacturing industries supplied about 3,344,000 jobs, or nearly three-quarters of all wage and salaried jobs in Pennsylvania, excluding agricultural jobs.

There was improvement also in the value of construction contracts awarded. Most of it occurred in the nonbuilding types of construction, such as utilities, roads, sewers, and so on. There was slight improvement also in awards for residential buildings, but not for other kinds.

Finally, the use of checking accounts, as measured by debits to demand deposits in commercial banks, increased rather favorably in dollar volume.

Do these improvements mark the start of recovery from the current recession? It's too soon to come to that conclusion. For one thing, it may be that February looks better than January simply because the weather was a little better (although February had some bad cold spells too). For another, we won't know we're in a recovery until it is well under way. Usually several months are needed before a business cycle upturn surfaces strongly enough for us to recognize and be confident about it. Finally, there are other factors in the situation that suggest there is still bad news to come.

Some elements in Pennsylvania's economy continue to deteriorate. Steel production went from bad to worse. In January, 1,480,000 net tons had been produced by Pennsylvania mills; in February, 1,242,000. The seasonally adjusted index of daily production, at 61 (1977 = 100), was 48 percentage points below February 1981. At 44,400 tons, average daily production was the least for any month since the long steel strike of 1959. Also, in February Pennsylvania's share of U.S. steel output dropped to a record low point of 17.3 percent. Until recently Pennsylvania mills had given a good account of themselves compared with other mills, even though steel in general was down.

There have been further losses of manufacturing jobs generally. From July 1979 (six months ahead of the onset of the 1980 recession) to July 1980 (when that recession ended), Pennsylvania lost 94,500 manufacturing jobs. About 22,400 were recovered before the losses began again in September 1981, two months after the onset of the current recession last July. By February 1982, Pennsylvania firms had lost both the recovered jobs and an additional 67,400. About 1,229,000 people worked in factories here in February.

The conditions that are needed to make Pennsylvania's factories perform well are simply not in place now. This state has been known to outperform the Nation when there was special strength in steel, autos, other consumer durable goods, and investment in plant and equipment. Today, there is special weakness in all of these industry sectors. Pennsylvania shares certain characteristics with the industrial midwest. In February, of three midwestern states for which comparable statistics are available, on a seasonally adjusted basis Michigan had 14.8 percent unemployment, Ohio 11.3 percent, and Illinois 9.6 percent to Pennsylvania's 10.3 percent.[1]

Nationally, a good bit of unemployment is now coming from lost jobs, rather than from other sources (such as leaving jobs, newly entering the labor force, or reentering it). So far, in Pennsylvania new claims for unemployment benefits, which count persons recently separated from their jobs involuntarily, have not shown much of this. Here, the number of new claims dropped substantially in February—not enough to quite match the seasonally expected drop, however; and that caused the adjusted index to rise a little. But the rise was not enough to move the index away from its previous level very far—and that level was not nearly so high

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[1] As adjusted by the U.S. Bureau of Labor Statistics. Penn State's adjustment program produces slightly different results—in this instance, an adjusted rate of 10.1 percent.

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **April 1982**

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Feb. 1981	263.2	151.8
March	265.1	152.1
April	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

as it had been in the recession of 1980. It is likely that March and, to a certain extent, April, will see a worsening of conditions in Pennsylvania that may put the claims index higher. The types of industries that have been laying off workers recently have increased in number.

On the whole, the Nation's performance in February showed mixed tendencies: employment steady for the third month; unemployment worse because more people entered the labor force; personal income up modestly; the index of leading indicators down for the tenth month.

The price picture brightened. The consumer price index rose only nominally, and wholesale prices fell for the first time in six years.

Such improvements as did occur in industrial output, housing starts, and new factory orders for durable goods were ascribed more to milder weather in February than in January and, in the case of durable goods orders, to defense spending, than to recovery of private industry. And machine tool orders plunged as most industries that use them cut purchases.

In short, there are some signs that nationally declines were somewhat smaller in February than in January; but not enough has happened to set the stage for much improvement for Pennsylvania. By this time defense spending may count for enough to provide some support, although it is not readily measured.

Economic Activity in Pennsylvania

	1982 January	1982 February	1981 Feb	Seasonally Adjusted Indexes (1977 = 100.) 1981 Feb	1982 Jan	1982 Feb
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,583*	4,573	4,667	104.0	101.9*	102.0
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,336*	3,344	3,370	107.2	105.8*	106.4
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,241*	1,229	1,292	97.1	93.2*	92.3
Hrs. worked by prod. workers in, ave. wkly.	38.1	38.8	39.2	99.9	96.8	98.8
Total factory man-hours worked (mil. wkly.)	32.9*	33.0	35.9	94.5	86.5*	87.0
Total factory payrolls (mil. $ wkly.)	281.6*	282.4	290.9	130.9	126.2*	126.9
Steel production (thous. tons)	1,480	1,242	2,201	109	69	61
Industrial electric power sales (mil. kwh)	3,623	3,703	3,894	106	99	101
Mining:						
Anthracite (thous. net tons)	472	508	472	133	111	144
Bituminous coal (thous. net tons)	5,912	n.a.	6,749	111	98	n.a.
Construction contracts awarded, value ($ mils.)						
Total	255.2	238.9	167.4*	102*	102	148
Residential building	37.4	49.9	73.5*	85*	38	58
Other building	118.9	80.4	63.7*	115*	155	145
Nonbuilding (utilities and public works)	98.9	108.6	30.3*	85*	133	306
Employment of Pa. Residents						
Employed, total number in (thous.)	4,781	4,850	4,918	104.3	101.1	102.9
Unemployed:						
Total number in (thous.)	642	598	462	107.0	143.7	139.0
Rate (percentage of labor force)	11.8	11.0	8.6	—	—	—
Rate, seasonally adjusted	10.6	10.1	7.9	—	—	—
Civilian labor force, number in (thous.)	5,423	5,448	5,380	104.5	104.4	105.7
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous moth		+12.4				
From same month, previous year		+21.6				

Notes:
* = Figure revised
n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on jobs in Pennsylvania industries have been revised to first quarter 1981 benchmarks.

Data on employment of Pennsylvania residents have been revised to Census Bureau 1980 Census of Population counts.

PENNSYLVANIA BUSINESS SURVEY

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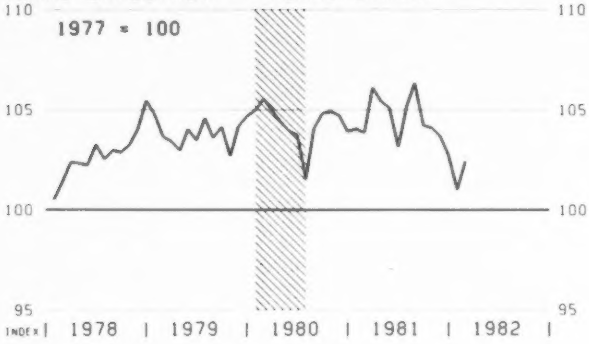
Rodney A. Erickson, Director — Pa. Economic Analysis Program
A. E. Warne, Editor
Norma Pappas, Research Assistant
Doris Bickle, Staff Assistant

TOTAL EMPLOYMENT - PENNSYLVANIA



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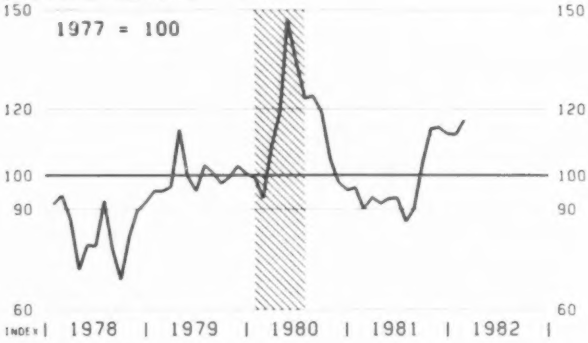

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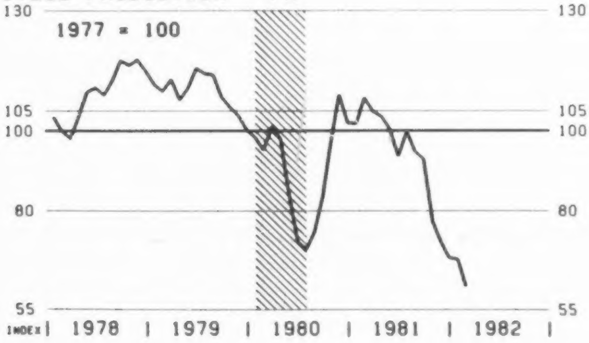
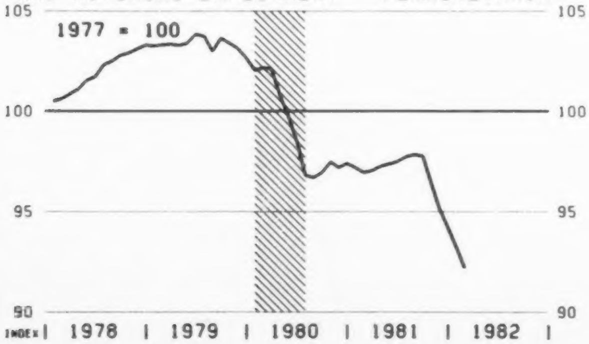
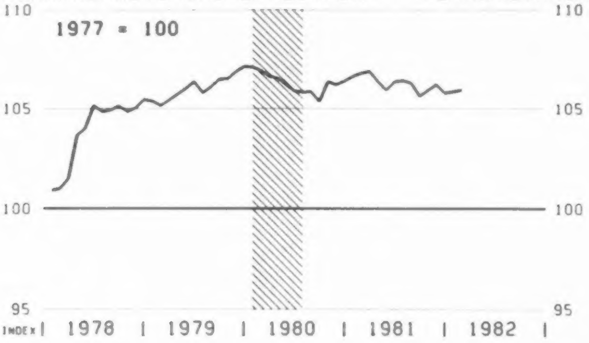


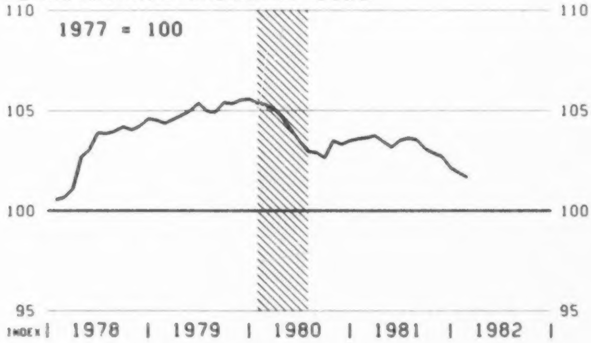
MANUFACTURING EMPLOYMENT - PENNSYLVANIA



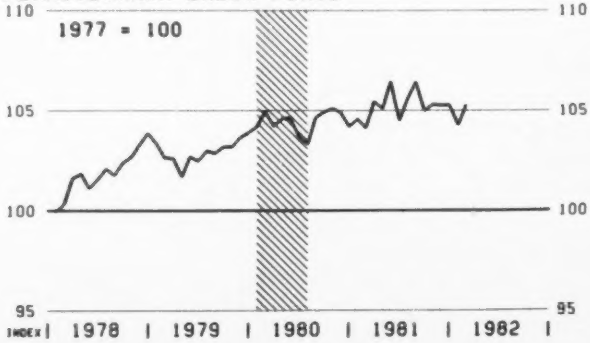
NONMANUFACTURING EMPLOYMENT - PENNSYLVANIA



PENNSYLVANIA INDUSTRY JOBS



PENNSYLVANIA LABOR FORCE



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Who's Getting Hurt Worst?

Between 1979 and 1981, industries located in Pennsylvania suffered a net loss of about 78,300 jobs.[1] This was the result of a loss of some 87,000 manufacturing jobs, slightly offset by a gain of about 5,000 jobs in other industries. (On average, about 3,600 more persons were on strike in 1981 than in 1979.)

During this period, which included two recessions — in 1980 and 1981 — five industry groups nevertheless increased the number of jobs they offered. They were machinery (other than electrical); printing and publishing; public utilities; wholesale trade; finance, insurance, and real estate; and services. Together they added 78,600 jobs, most of them in services.

In contrast, every other industry group lost jobs. About three-quarters of the total manufacturing loss occurred in durable goods industries, with sizable concentrations of numbers in primary metals, fabricated metals, and transportation equipment. Major losers in other industries were construction, transportation, and retail trade.

Looked at another way, a somewhat different group of industries emerges as being especially hard-hit. When jobs lost are taken as a percentage of jobs held in 1979, some smaller industry groups come into the picture, although a couple of large groups are still there. Transportation cut 16.3 percent of its jobs; government, 15.3 percent; rubber and plastic products, 14.6; lumber and wood products, 14.3 percent; tobacco products, 13.9; and stone, clay and glass, 12.2.

Industry performance is summarized in the following table.

Changes in Jobs, 1979-1981, Pennsylvania
by industry group (numbers in thousands)

Industry group	*Monthly average no. jobs 1979*	*Monthly average no. jobs 1981*	*Change in no., 1979-1981*
Nonagricultural jobs	4,815.0	4,736.7	−78.3
Manufacturing jobs:	1,386.7	1,299.8	−87.0
Durable goods industries:	853.9	790.7	−63.2
Lumber & wood products	23.0	19.7	− 3.3
Furniture & fixtures	20.2	18.7	− 1.5
Stone, clay & glass	64.7	56.8	− 7.9
Primary metals	204.1	184.0	−20.1
Fabricated metals	118.0	109.0	− 9.0
Machinery, exc. electrical	142.0	142.9	+ 0.9
Machinery, electrical	126.4	117.9	− 8.5
Transportation equipment	87.3	77.9	− 9.4
Instruments & related	42.9	41.1	− 1.8
Miscellaneous	25.3	22.8	− 2.5
Nondurable goods industries:	532.8	509.2	−23.6
Food & kindred products	99.3	95.2	− 4.1
Tobacco products	3.6	3.1	− 0.5
Textile products	47.1	43.2	− 3.9
Apparel	128.6	123.7	− 4.9
Paper & paper products	44.6	41.8	− 2.8
Printing & publishing	72.2	73.5	+ 1.3
Chemicals	61.0	60.0	− 1.0
Petroleum & coal products	17.3	16.8	− 0.5
Rubber & plastic products	41.8	35.7	− 6.1
Leather & leather products	17.3	16.1	− 1.2
Nonmanufacturing jobs:	3,419.3	3,424.3	+ 5.0
Mining	51.7	45.2	− 6.5
Contract construction	204.2	182.5	−21.7
Transportation	170.7	154.4	−16.3
Public utilities	101.7	103.9	+ 2.2
Wholesale trade	239.4	244.6	+ 5.2
Retail trade	753.1	741.5	−11.6
Finance, insurance & real estate	233.7	240.6	+ 6.9
Services	944.1	1,006.2	+62.1
Government jobs:	720.7	705.4	−15.3
Labor-management disputes	9.0	12.6	+ 3.6

Source: Pa. Dept. of Labor and Industry, Office of Employment Security.

Attention

With this issue, the index base of all index numbers calculated at Penn State and published in this letter has been changed from 1972 to 1977. This is the new base being adopted officially by Federal agencies.

For the time being, the consumers' price index and the index of industrial production, the only U.S. indexes published in the *Pennsylvania Business Survey*, remain on their 1967 base.

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[1] Figures quoted here differ slightly from those published in our seven-year table, page 2 of the February 1982 issue of *Pennsylvania Business Survey*. The Office of Employment Security has made minor revisions in some instances.

6/8/82

No Break in the Clouds Yet

The first quarter of '82 was rather a painful one for Pennsylvania's economy. In the last quarter of 1981, this state had averaged 5,005,000 persons at work; but the average for the first quarter of 1982 dropped an estimated 186,000 to 4,819,000. Although there had been some lift in February, the level of employment fell again in March.

Unemployment peaked in January. A mild drop in February was occasioned by the spurt of extra employment strength; but the further drop that occurred in March must be attributed to the many people who stopped actively looking for work in that month.

The number of first claims for unemployment benefits shot up in March. Part of the rise resulted from a quirk in the calendar. The first three days of any week are busy days for claim filing; and this year March had five of each. But this year the number of claims rose in March, a month in which it typically drops. While some of the increased claims load is accounted for by the calendar variation, obviously some also reflects recession damage — providing a measure of layoffs of people who previously had held jobs. Still, to date the claims level isn't quite so high as it was at the worst of the previous recession, in May 1980.

The nonmanufacturing industries continue to hold their jobs quite steadily, as they have since the middle of 1981. Month-to-month fluctuations have been narrow. In March this year, there were actual job gains, but not enough to match the usual seasonal increase. As a result, the adjusted index dipped, but the dip did not take the level of the index below its previous range of fluctuation.

Manufacturing jobs are another matter. In March, Pennsylvania factories employed the fewest wage and salaried workers for any month in more than twenty years. Even so, Pennsylvania continues to be more factory-intensive in its jobs than is the Nation, which also has lost manufacturing jobs. As of March, the remaining U.S. manufacturing jobs amounted to only 21.3 percent of all nonagricultural jobs (19,352,000 out of 90,822,000). In the same month, these jobs amounted to 26.5 percent of Pennsylvania nonagricultural jobs (1,214,900 out of 4,583,000). Pennsylvania could lose another 238,550 jobs from this industry group before matching the nation's percentage. Pennsylvania's factories lost in the relatively mild recession of 1969-70 and again very late in the more severe recession of 1973-75. In each of the last two recessions the drop in the seasonally adjusted manufacturing job index was only half as bad as it had been in each of the earlier two.

This may not be such a wretched performance at that, in view of the fact that the current recession is being described as a "manufacturing recession," and is rather severe. Its depth and duration are substantial; but even though its effects have rippled out, it is peculiar in that it is still much more narrowly diffused among industries and geographical areas than recessions typically are, according to Geoffrey Moore, director of the Center for International Business Cycle Research at Rutgers University.

The steel industry is a case in point. There is no letup in its relentless decline. In March, Pennsylvania mills turned out a daily average tonnage of only 41,700 tons, the least on record except during strike periods. March production represented an annual rate of only 14 million tons — about half the production of an ordinary year. Pennsylvania's share of U.S. steel production dropped to a record low point of 16 percent. The fewest workers on record are now being employed in the primary metals industries as a group. Preliminary weekly production reports for April are not encouraging. In short, hopeful signs are few and far between. Sales of new cars did pick up a little in the middle of April, and truck sales are presently not too bad. There are slight signs that the recession may be abating in industrialized foreign countries; and then there is defense spending, which is beginning to count for more than it did a year ago. By and large, though, the demand for steel has hardly ever been worse than it is currently, because virtually all major sectors of it are weak at the same time.

One small uptick for Pennsylvania occurred in construction in March. Slight improvement in contracts awarded for residential building and utility construction

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1982**

offset a weaker situation in contracts for commercial and industrial buildings. Nationally, there are slight stirrings of activity in housing starts.

Consumer spending is the biggest single factor in supporting an economic expansion. The fact that the consumer price index actually declined in March, coupled with prospects of a tax cut for personal income on July first and of increased Social Security benefits, should strengthen consumer ability to spend.

Against that, however, are the incentives to save, which are strong. A while back, many people regarded the value of and potential appreciation of their real estate holdings as their principal savings. They also thought that if they didn't buy something today it would cost more tomorrow. So there was a certain incentive to shave other savings pretty thin and to go on buying. Now the inflationary psychology seems to be breaking a bit, real estate values are stabilizing, and returns on some other types of investment are still attractive. Also, the recession has shaken the consumer's confidence and made him cautious. So there is plenty of incentive to save. It is not known which way or how far the saving-spending seesaw will tip; but competition for available funds could diminish the boost that consumer spending can be expected to give the economy in the near future.

The other main factor in supporting an economic expansion is capital spending: spending for new plant and equipment. That is not likely to help for quite a while. Borrowed money is still expensive, profits are way down, and businesses are not likely to expand or remodel and re-equip when they are using only about two-thirds of their present operating capacity. Even though tax incentives were made available to business last year, the capital spending process is a long one. Merrill Lynch believes that factory operating rates and customer demand count for more in the spending decision than do increased tax incentives.[1]

At present, the main hope for improvement in Pennsylvania's economy lies with the startup of seasonal summer activities. If this type of activity is as good as usual, that will show that, over-all, the current recession is not damaging the economy further. If the startup proves weak, and the job additions are fewer than one would expect from past experience, then it is. Chances of extra strength developing look pretty slim. — *A. E. Warne*

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[1] Quoted in *Tracking a Trend*, Wall Street Journal, 4/27/82, p. 56.

Economic Activity in Pennsylvania

	1982 Feb.	1982 Mar.	1981 Mar.	Seasonally Adjusted Indexes (1977 = 100.) 1981 Mar.	1982 Feb.	1982 Mar.
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,579*	4,584	4,701	103.6	101.7*	101.1
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,346*	3,364	3,399	106.7	106.0*	105.7
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,228*	1,215	1,294	96.9	92.1*	91.0
Hrs. worked by prod. workers in, ave. wkly.	40.0*	38.6	39.4	100.1	101.6*	98.1
Total factory man-hours worked (mil. wkly.)	33.1*	32.5	36.1	94.3	86.8*	84.9
Total factory payrolls (mil. $ wkly.)	283.3*	277.0	293.8	131.1	127.1*	123.7
Steel production (thous. tons)	1,242	1,293	2,477	105	60	54
Industrial electric power sales (mil. kwh)	3,703	3,637	3,954	104	98	96
Mining:						
Anthracite (thous. net tons)	508	613	548	105	131	118
Bituminous coal (thous. net tons)	6,815	n.a.	6,661	97	112	n.a.
Construction contracts awarded, value ($ mils.)						
Total	238.9	573.4	444.0*	118*	144	156
Residential building	49.9	135.4	125.1*	71*	57	76
Other building	80.4	189.0	260.0*	187*	150	132
Nonbuilding (utilities and public works)	108.6	249.0	58.9*	79*	281	319
Employment of Pa. Residents						
Employed, total number in (thous.)	4,850	4,827	5,042	106.0	102.4	101.5
Unemployed:						
Total number in (thous.)	598	572	432	102.2	137.9	136.9
Rate (percentage of labor force)	11.0	10.6	7.9	—	—	—
Rate, seasonally adjusted	10.1	10.1	7.4	—	—	—
Civilian labor force, number in (thous.)	5,448	5,399	5,474	105.7	105.1	104.3
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		− 1.0				
From same month, previous year		+26.4				

Notes:
* = Figure revised n.a. = Data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

Introducing the New Sharon Metropolitan Area

This issue introduces a new area to our coverage of local business conditions. Mercer County, Pennsylvania, has recently been designated as the Sharon Standard Metropolitan Statistical Area. Because more detailed statistical analyses are kept for SMSAs than for nonmetropolitan areas, we are now able to add this area to our local series, reviewed quarterly in "Around the State."

Sharon is located in the Appalachian Plateau Province in the western part of the state. Its major industry is primary metals, but it is not a "basic steel" economy, such as nearby Youngstown-Warren, Ohio. It also has substantial mining and agricultural sectors.

The land

Mercer County, one of the state's western tier counties, borders on the Ohio state line. It is bisected east-west by the Keystone Shortway (Interstate 80) and north-south by the Erie-Pittsburgh-West Virginia Expressway (Interstate 79). Thus, highway access is good, and therefore a number of trucking firms have their base here.

Limited reserves of bituminous coal and crude petroleum underlie the extreme western flank of the county. During 1980, 579,319 tons of soft coal were mined, ranking Mercer County 17th among the state's 27 coal-producing counties. Also, 3,529 barrels of oil flowed from its wells in 1980, ranking it 17th among the 19 counties that produce oil.

In agriculture, Mercer County was the state's second leading producer of oats in 1980 and ranked sixth with Tioga and Centre counties in the production of sheep and lambs in 1981. An estimated 1580 farms produced cash receipts totaling more than $29.8 million during 1980, approximately 68 percent of which was derived from sales of livestock products.

The industrial heart of the Sharon SMSA is located around the adjoining cities of Sharon and Farrell, their respective contiguous boroughs of Sharpsville and Wheatland, and the surrounding Hermitage Township. The boroughs of Greenville and Grove City, in opposite corners of the county, also contain a number of manufacturing establishments. The approximately 128 manufacturing establishments in the county employed an average 16,900 persons and paid out $318.0 million in wages and salaries in 1979.

The people

In 1980, Mercer County, in population the 25th largest county in the state, had 128,299 residents. That is up 0.8 percent from its 1970 population of 127,225. Like other SMSAs, the central city of Sharon lost population during this time, from 22,653 in 1970 to 19,057 in 1980, while the population outside the central city increased from 104,572 to 109,242.

Sharon's monthly average civilian labor force included 55,700 persons in 1981. This figure has increased steadily since 1971 when it stood at 48,800. Furthermore, in the first quarter of this year, it increased by another 1,300 persons to 57,000.

In contrast to the steady rise in the size of the labor force, employment ebbs and flows. In 1971, monthly total employment in Mercer County averaged 45,800 workers; the average increased to 48,600 in 1974, despite the 1973-75 recession; then dipped to 46,300 in 1975 as that recession ended. After that it rose steadily, through the recession of 1980 and the onset of the 1981 recession, to 50,900 in 1981. The seasonally adjusted index for total employment in the Sharon area shows that, in the last two months of 1981, an unseasonal decrease occurred in employment, which usually increases for the Christmas season. This decline continued through the first quarter of 1982 with a small rise in February and a falling back in March. After the severe 1973-75 recession, it took Sharon about 15 months to even start to recover. After the brief 1980 recession, there was some immediate recovery, but the previous peak was not regained until 13 months later — just in time for the 1981 recession.

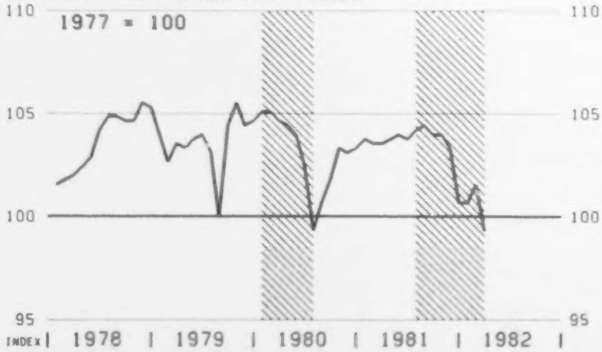
During the eleven-year period 1971-81, monthly average unemployment in Sharon ranged from a low of 2,800 persons in 1972 and 1973, representing 5.6-5.7 percent of the civilian labor force, to a high of 5,000 persons in 1975, or 9.8 percent of the civilian labor force in that year. During the past year, unemployment amounted to 8.7 percent. It increased steadily from 3,500 persons in April 1981 to 9,000 persons in January 1982. By March of this year, unemployment had

SHARON AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	48.3	102	105	106
Unemployed, no. of residents	8.7	209	145	102
Civilian labor force, no. in	57.0	110	108	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	44.9	101	103	104
Nonmfg. only, no. jobs in	29.9	105	106	105
Mfg. only, no. jobs in	15.0	92	96	101
Industrial electric power sales	***	97	108	115
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.6	***	***	***
Nonresidential bldg. contracts only	1.2	***	***	***

[1] Mercer County

SHARON AREA INDUSTRY JOBS



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dropped back to 8,400 persons, but appeared to be still very feverish.

Monthly averages for a year hide the erratic nature of Sharon's labor market. The monthly figures for employment, unemployment, and industry jobs are extremely volatile due to an unpredictable pattern of layoffs and recalls in the local industries, especially the durable goods industries, which account for the largest percentage of jobs among the major industry groups. Also, employment is quite seasonal in nature. It peaks in June and July at a point nearly 2 percent higher than an average month in any year, and falls about 2 percent lower in February. Thus the swing over the year for seasonal reasons alone is nearly 3.8 percent.

Manufacturing

Sharon's major industry is primary metals. Sharon Steel, the largest plant in this group, is a specialty plant, while the other primary metal plants produce pipes and tubes. Other large plants in the area include Westinghouse, which produces transformers, and Greenville Steel Car. In addition, the Sharon economy is helped somewhat by the General Motors plant at Lordstown, Ohio, and the Packard Electric plant just across the state line.

Sharon's labor market is usually more stable than that of nearby Youngstown-Warren, Ohio, which is more dependent on basic steel and where some major plant closings have occurred. Furthermore, the economy of Mercer County has become more diversified in the past decade. Whereas durable goods industries accounted for 43.5 percent of all jobs in 1971, they accounted for only 32.3 percent of all jobs in 1981, and the number of jobs in this industry group declined from 18,400 in 1971 to 15,100 in 1981. At the same time, jobs in nonmanufacturing industries have increased from 22,900, or 53.9 percent of all area jobs in 1971, to a high of 30,600, or 65.4 percent of all area jobs in 1981. The largest gainer was services, which gained 3,000 or 5.2 percent of all nonagricultural jobs in the county during this time. However, in the first quarter of 1982, both manufacturing and nonmanufacturing jobs were down — manufacturing stood at 15,000 and nonmanufacturing at 29,900. These decreases were more than seasonal.

Despite the trend toward diversification, the irregular vacillations in nonagricultural employment persist in Sharon. A strike at Westinghouse in July 1979, affecting 2,000 workers, brought the seasonally adjusted index for August of that year down to 100 from 104 in June, after which the index climbed to a high of 105 that October. However, scattered layoffs in both manufacturing and nonmanufacturing brought the index down to 99 in July of 1980, the month in which the brief recession of 1980 ended. The index again climbed to 104, which it reached last July, but, with the onset of the current recession, it declined and once again stood at 99 in March.

— *Norma Gavin Pappas*

INDUSTRY JOBS BY ESTABLISHMENT AND TOTAL CIVILIAN LABOR FORCE, UNEMPLOYMENT, AND EMPLOYMENT IN SHARON: MONTHLY AVERAGES FOR 1971, 1975 AND 1981
(numbers in thousands)

	1971	1975	1981
PENNSYLVANIA INDUSTRIES, no. of wage and salaried jobs in:			
Nonagricultural[a]	42.5	43.4	46.8
Manufacturing	19.5	17.2	16.2
Durable goods	18.4	16.2	15.1
Primary metal industries	8.6	6.3	7.7
Fabricated metal products	1.5	1.7	1.6
Electric and electronic equipment	5.1	4.6	2.8
Machinery, except elec. and trans. equip.	2.7	3.0	2.6
Other durable goods	0.6	0.6	0.5
Nondurable goods	1.1	1.0	1.1
Food and kindred products	0.6	0.6	0.7
Paper, printing, and publishing	0.3	0.2	0.2
Other nondurable goods	0.2	0.2	0.2
Nonmanufacturing	22.9	26.0	30.6
Mining	0.2	0.2	0.4
Contract construction	1.2	1.1	1.4
Transportation and public utilities	3.3	4.0	3.6
Wholesale and retail trade	7.5	8.3	9.5
Finance, insurance, and real estate	1.0	1.3	1.4
Services	5.8	7.0	8.8
Government	3.9	4.2	5.6
EMPLOYMENT OF PENNSYLVANIA RESIDENTS, no. of residents:			
Civilian labor force	48.8	51.4	55.7
Employed	45.8	46.3	50.9
Unemployed	3.0	5.0	4.8
Percent of civilian labor force	6.2	9.8	8.7

[a] Includes persons involved in labor-management disputes not included in figures for manufacturing and nonmanufacturing.

Source: Bureau of Employment Security, Pa. Dept. of Labor and Industry, annual reports.

U.S. Indexes
(1967 = 100)

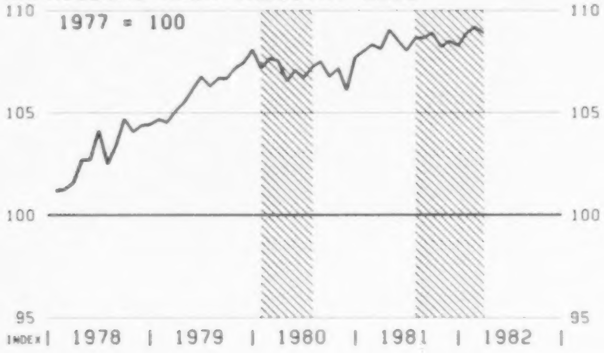
	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Mar. 1981	265.1	152.1
Apr.	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Around the State

Southeastern Quarter

HARRISBURG AREA INDUSTRY JOBS



Harrisburg

Some of the best economic news in the state is coming out of the Harrisburg area these days. Not expansion — that isn't in the picture anywhere just now; but maintenance of a very high level of operation, and only minor recession damage.

In March — and to some extent throughout the first quarter — activity yielded a little to the pressures of national recession. Employment had peaked out in the third quarter of 1981 and dropped thereafter through January; but the effect has been merely to put employment at a point about 11 percent higher than it was in 1977 by March. It had ranged between 11 and 14 percent higher for a year and a half, so it is now merely at the low edge of its recent range.

Fortunately, the local labor force, while very large, did not continue to expand more than seasonally during the last quarter of 1981 and the first quarter of 1982. This permitted some improvement in unemployment. The very large gains in unemployment made from November to January did not persist, and the level by March was no higher than it had been in October and November. Harrisburg has had moderately increasing unemployment since about the third quarter of 1979; but the steep jump recorded from November to January is a bit suspect: It may have been a statistical fluke. The March record appears to be more realistic. Unemployment as a percentage of labor force is enviably low in this area, confirming that the current recession is spotty in its impact.

Local industries have, overall, held their job levels on a record high plateau for more than a year. Local factories were, indeed, hurt by the recession; but as a group they did not suffer anywhere nearly so much as was the case in some other areas. Furthermore, job losses associated with the recession stopped in 1981. During the first quarter of 1982, only the usual seasonal shifts occurred from month to month. The average workweek did dip in March, but on the whole has proved quite steady in recent months. Still, the low use of electricity in manufacturing reveals continued slack in steel production.

Jobs in local nonmanufacturing industries peaked in February. A negligible drop in March put them at their second highest seasonally adjusted point. This sector has maintained steady growth. Confirming the other indicators is a general briskness in business activity shown by growth in the dollar volume of checking account usage.

Not much change from present conditions is expected in coming months.

HARRISBURG AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	217.4	112	113	112
Unemployed, no. of residents	18.1	139	130	111
Civilian labor force, no. in	235.5	113	114	112
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	222.9	109	108	108
Nonmfg. only, no. jobs in	182.1	111	110	109
Mfg. only, no. jobs in	40.8	103	103	105
Hrs. worked by production workers in mfg., ave. weekly	38.9	98	99	103
Industrial electric power sales	***	96	100	105
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	10.0	***	***	***
Nonresidential bldg. contracts only	0.3	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 8.0	***	***	***
From same quarter, previous year	+ 38.6	***	***	***

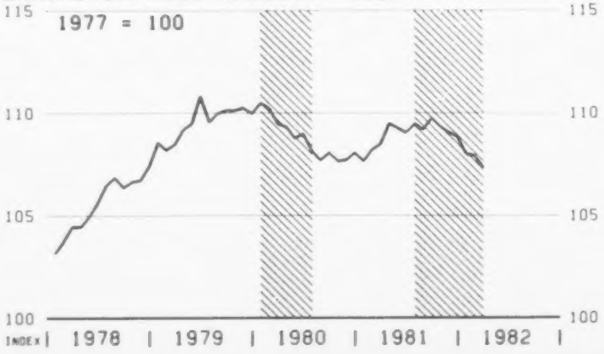
[1] Cumberland, Dauphin and Perry Counties

Lancaster

Lancaster County's economy was rapped by the national recession during the first quarter of 1982, but only lightly.

After a mild loss of employment in the recession of 1980, the number of persons who live in the county and hold jobs rose to a new all-time peak in August 1981, one month after

LANCASTER AREA INDUSTRY JOBS



the onset of the current recession. Between that month and January of this year employment dropped again, but not quite so low as it had in 1980. In February and March it stabilized. We won't know for a few months if this is all the recession damage Lancaster will suffer.

Toward the end of last year, the area's labor force was of maximum size; but for four months it has been shrinking. While unemployment was higher in the first quarter than ever before, the validity of the extremely high point reached in January is questionable. The area's unemployment rate remains one of the most favorable in Pennsylvania, although higher than it has been here typically in the past. Curtailment in the size of the labor force has helped keep it moderated.

Local nonmanufacturing industries — which, in 1981, accounted for more than 60 percent of local jobs — are maintaining job levels at or near their all-time highs. Local factories have reduced job offerings to the lowest point since the third quarter of 1977. They have been hurt somewhat more by the current recession than they were during the short recession of 1980.

This area is not likely to start to expand until the national economy begins to do so. Then, Lancaster County typically responds promptly. If it follows pattern, it will recover even its manufacturing job losses.

LANCASTER AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	166.9	108	111	110
Unemployed, no. of residents	15.8	176	144	119
Civilian labor force, no. in	182.8	112	113	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	149.6	108	109	108
Nonmfg. only, no. jobs in	92.4	112	112	111
Mfg. only, no. jobs in	57.2	102	105	104
Hrs. worked by production workers in mfg., ave. weekly	37.8	96	96	101
Industrial electric power sales	***	101	103	103
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.1	***	***	***
Nonresidential bldg. contracts only	4.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 4.7	***	***	***
From same quarter, previous year	+ 21.9	***	***	***

[1] Lancaster County

Philadelphia

The first quarter of 1982 saw some slackening in the economy of this metropolitan area, but it was selective.

Total employment had fallen from August to January; but in February and March it increased more than seasonally. If this situation persists for another month, it may signal that recession-incurred employment loss is pretty well over.

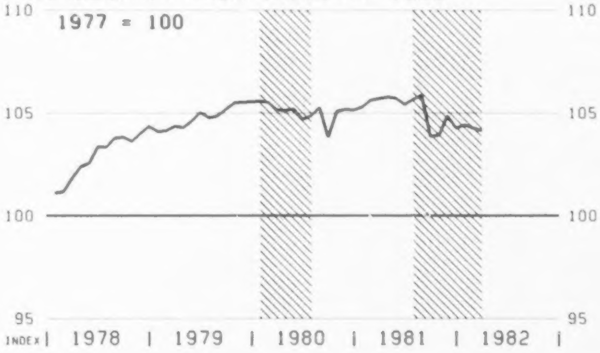
Although unemployment on average was worse in the first quarter than in the last quarter of 1981, it too improved in March, and the seasonally adjusted unemployment rate dropped to 8.7 percent, well under the state rate, which remained at 10.1 percent in both February and March.

Manufacturing activity in the area continues to get worse. Beginning last September, this industry sector lost jobs quite sharply month after month, and hasn't stopped yet. After each of the previous three recessions, factory job losses were regained to only a very small extent; it is unlikely that when the current recession is over it will be any different this time. In 1981, factories averaged 430,700 jobs a month, with a 40-hour workweek.

Other industries, however, are giving good job support to the community. This group has maintained its job level steady as a rock at or very close to an all-time peak, and has shown little or no recession damage. In 1981, nonmanufacturing industries averaged 1,494,100 jobs a month, or nearly 78 percent of jobs supplied by local firms. There was little change in the first quarter.

The dollar volume of checkbook usage, as judged by bank debits at commercial banks, suggests a moderate pace of business activity generally. In the months just ahead conditions here are not likely to vary considerably from what they are now.

PHILADELPHIA AREA INDUSTRY JOBS



PHILADELPHIA AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	1,955.4	105	106	108
Unemployed, no. of residents	199.7	111	103	86
Civilian labor force, no. in	2,155.1	105	106	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	1,888.7	104	104	106
Nonmfg. only, no. jobs in	1,475.0	108	108	109
Mfg. only, no. jobs in	413.3	93	95	97
Hrs. worked by production workers in mfg., ave. weekly	39.1	99	99	101
Industrial electric power sales				
Metropolitan area	***	97	99	101
Chester	***	98	98	103
Philadelphia	***	99	100	100
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	53.4	***	***	***
Nonresidential bldg. contracts only	111.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 1.9	***	***	***
From same quarter, previous year	+ 29.9	***	***	***

[1] Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

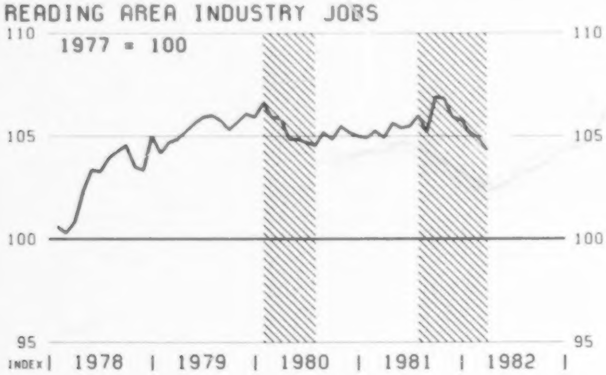
Reading

After its excellent year in 1981, Berks County suffered some recession damage in the first quarter of 1982. Employment dropped from November through January, and after that remained at about the low point reached at the end of the recession of 1980. That point, however, meant that all gains made during the expansion years 1975-8 are being preserved. Unemployment increased considerably, and would have been worse had not a lot of people dropped out of the labor force. It peaked in size at the end of 1981, but declined enough in the first quarter of 1982 to return it to about the level of the first half of 1981. Even so, unemployment was bad enough to put the unemployment rate into double digits for the first time in more than a decade. After allowance for the usual first-quarter seasonal shifts, however, the rate was found to be declining in February and March.

Among local industries, the manufacturers decreased their job offerings for five months, after which the decline leveled off in March. But the drop was only slightly worse than it had been in the 1980 recession, after which it didn't take long to recover the lost jobs. Perhaps that will happen this time also. However, after earlier recessions either not all factory jobs were recovered or it took about three years to make up the losses.

Other local industries here, as in other areas, show very few effects of the recession on their aggregate job level, which is very close to an all-time high.

Reading is not likely to lose its unemployment problem soon. Should national conditions improve swiftly, which is unlikely, it still would be a matter of months before slack is taken up. But this area is far better off than a number of others in Pennsylvania in its impact from the "selective" recession we have now.



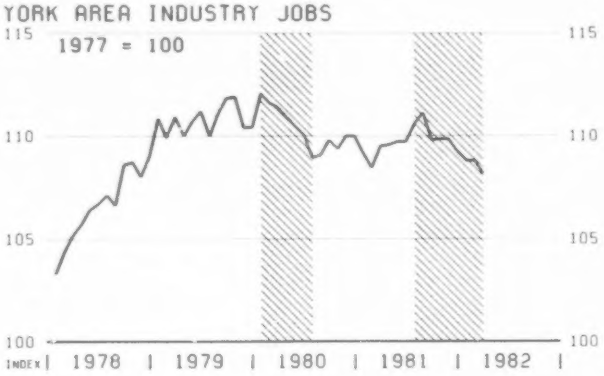
READING AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	142.2	106	109	108
Unemployed, no. of residents	17.2	176	166	133
Civilian labor force, no. in	159.4	110	113	110
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	136.7	105	106	105
Nonmfg. only, no. jobs in	84.8	107	107	106
Mfg. only, no. jobs in	52.0	101	104	103
Hrs. worked by production				
workers in mfg., ave. weekly	38.2	98	100	103
Industrial electric power sales	***	102	113	114
Construction contracts awarded				
(in millions of dollars):				
Residential contracts only	4.7	***	***	***
Nonresidential bldg. contracts only	1.7	***	***	***
Bank debits, percentage change				
in dollar volume of seas. adj.:				
From previous quarter	− 6.8	***	***	***
From same quarter, previous year	+ 13.9	***	***	***

[1] Berks County

York

The economy of York and Adams counties continued to sag in the first quarter of 1982. Employment of people living in the area (some of whom commute out of it) declined, and by March was indexed at the lowest seasonally adjusted monthly point since December 1978. To date it has dropped further than it did in the brief 1980 recession, but not so far as in the rather severe recession of 1973-75. Unemployment increased, but in the latter part of the quarter moderated a little. Throughout the quarter it was higher in level than it has ever



YORK AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	159.7	109	112	112
Unemployed, no. of residents	19.7	173	161	132
Civilian labor force, no. in	179.4	114	115	113
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	151.9	109	110	109
Nonmfg. only, no. jobs in	88.7	110	110	110
Mfg. only, no. jobs in	63.2	107	109	108
Hrs. worked by production				
workers in mfg., ave. weekly	40.0	98	98	99
Industrial electric power sales	***	94	104	102
Construction contracts awarded,				
(in millions of dollars):				
Residential contracts only	2.8	***	***	***
Nonresidential bldg. contracts only	13.3	***	***	***
Bank debits, percentage change				
in dollar volume of seas. adj.:				
From previous quarter	+ 13.7	***	***	***
From same quarter, previous year	+ 71.3	***	***	***

[1] Adams and York counties

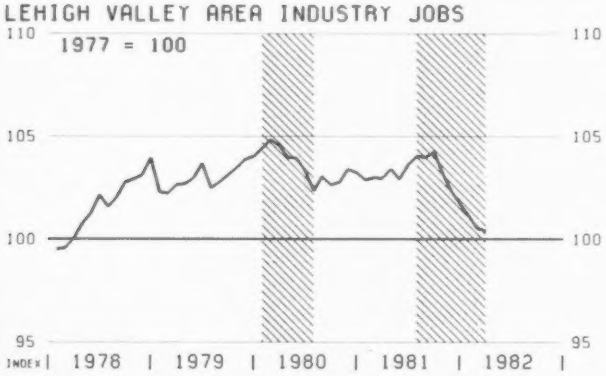
been in more than ten years and the unemployment rate was very feverish. The area labor force has had some uncharacteristic shrinkage in number, otherwise unemployment would have been worse.

Virtually all of the recent economic deterioration has come from the factories of the area. They held their jobs through most of the third quarter of last year, then began to lose them. However, the losses are mild compared with those in some other areas of Pennsylvania, and the level is only nominally below the low point of the 1980 recession. That means that most of the factory job gains made during the long expansion period of the mid-seventies have been preserved.

Jobs supplied by other types of local industries have held very stable. They reached an all-time peak in the last quarter of 1979; but two recessions have failed to do more than ease the level down a very little.

The use of checking accounts, as revealed by debits to demand deposits in commercial banks, suggests a pretty good pace of general business activity. In short, to date this area is holding a substantial amount of its previous gains in spite of the recession.

Northeastern Quarter



Allentown-Bethlehem-Easton

This metropolitan area lost some during the first quarter of 1982. Employment dropped, and unemployment rose. There was some reduction in the size of the labor force, as people stopped looking for jobs.

Local industries, both manufacturing and nonmanufacturing, have curtailed activities; but still their job level, in the aggregate, is as good as it was in 1978.

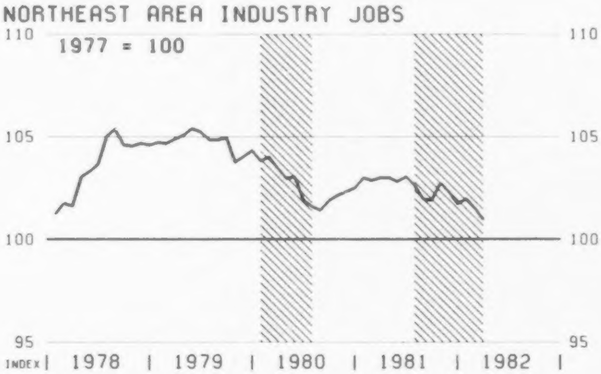
Although the current recession began last July, it was not until September that factories began to cut back on their jobs. The drop was sharp through February 1982; then for the first time it stopped. Other industries had not suffered job damage in the short recession of 1980, and they held the line through the third quarter of 1981. After that there was some moderate curtailment attributable to the present recession.

Use of checking accounts in commercial banks is brisk enough to suggest that a pretty good level of general business activity is being maintained. Probably there will be little change in overall conditions in the next two or three months; possibly a slight lift.

LEHIGH VALLEY AREA[1]

	Ave. mo. value 1 Q.'82	Average monthly index seas. adj. (1977 = 100) 1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	274.0	101	104	105
Unemployed, no. of residents	34.3	153	140	127
Civilian labor force, no. in	308.3	105	107	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	255.1	101	102	103
Nonmfg. only, no. jobs in	155.8	107	108	107
Mfg. only, no. jobs in	99.1	92	95	97
Hrs. worked by production workers in mfg., ave. weekly	38.3	101	101	101
Industrial electric power sales				
Metropolitan area	***	105	105	104
Allentown	***	95	98	95
Bethlehem	***	110	108	108
Easton	***	114	112	112
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.2	***	***	***
Nonresidential bldg. contracts only	2.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 8.4	***	***	***
From same quarter, previous year	+ 26.9	***	***	***

[1] Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.



Northeast Area

The economy of this three-county area is hanging in there, with the exception of factory activity. In this national "manufacturing recession," it continues to be badly hurt here, as in some other areas of Pennsylvania; and it is exerting some drag on the rest of the local economy.

But not much. Local industries on the whole have held their jobs much more steadily in the current recession, and in that of 1980, than they did in previous recessions. Last year the nonmanufacturing industries as a group averaged about 170,233 jobs a month; in the first quarter of 1982, they averaged 165,700, for a loss of 4,500 or about 2.6 percent. After allowance for the usual seasonal shrinkage at that time of year, this leaves the job level squarely in the same high range it has held for nearly four years. And more than 71 percent of local industry jobs fall in this group.

Total employment of area residents, which had declined from March 1981 through January 1982, in February and March showed some tendency to level off. The employment level still is as good as it was in the final quarter of 1978.

Throughout the first quarter of this year, unemployment improved. Because January was exceptionally high, the quarterly index was higher than in the fourth quarter of last year. But there was a reduction in the actual number of people hunting jobs and also in the percentage of labor force they represented. The level of unemployment remains undesirably high; and it is higher than it was in the 1980 recession. It has not yet, however, leaped in the fashion it did during the recession of 1973-5.

The national recession is by no means over (or, at least we won't recognize that it is for a few months); and this area is not going unscathed. At least a considerable cushion of activity is still being maintained here, which was not true of much of this area's past history.

NORTHEAST AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents:				
Northeast metropolitan area	250.2	103	104	106
Lackawanna County only (Scranton)	89.0	100	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	134.0	102	104	105
Unemployed, no. of residents:				
Northeast metropolitan area	35.3	121	117	109
Lackawanna County only (Scranton)	11.9	116	105	107
Luzerne County only (Wilkes-Barre/Hazleton)	19.9	123	123	108
Civilian labor force, no.:				
Northeast metropolitan area	285.5	105	106	106
Lackawanna County only (Scranton)	100.9	101	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	154.0	105	106	106
Local industries, Northeast metropolitan area (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	232.2	102	102	103
Nonmfg. only, no. jobs in	165.7	105	105	106
Mfg. only, no. jobs in	66.4	94	96	97
Hrs. worked by production workers in mfg., ave. weekly	37.2	103	103	100
Industrial electric power sales:				
Northeast metropolitan area	***	100	102	100
Lackawanna County only (Scranton)	***	98	101	102
Luzerne County only (Wilkes-Barre/Hazleton)	***	97	98	95
Hazleton	***	93	91	87
Wilkes-Barre	***	90	91	97
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.9	***	***	***
Nonresidential bldg. contracts only	0.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.1	***	***	***
From same quarter, previous year	+ 14.1	***	***	***

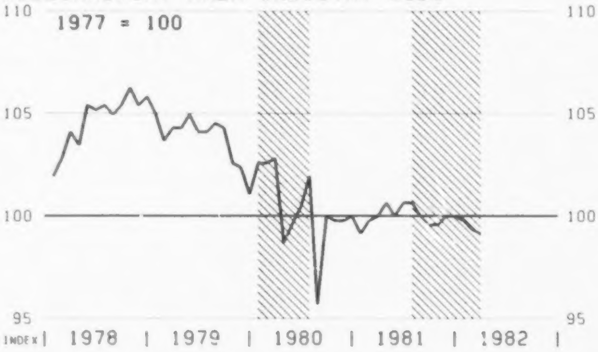
[1] Lackawanna, Luzerne and Monroe counties

Williamsport

As was to be expected, the economy of Lycoming County sagged in the first quarter of 1982, after holding up very well in 1981. By March, total employment of people who live in the County was down to its lowest seasonally adjusted point since the end of the 1980 recession. Unemployment was worse, on average, in the first quarter than it had been; but by March it too was dropping, in response to some slight shrinkage in the size of the area's labor force.

Ever since September 1980, local industries have maintained a very steady job level. Gains made during 1978 and 1979 had been lost, but no more than that. The nonmanufacturing industries are still holding steady, with only mild softening, at a very good level. Factories, on the other hand, have lost jobs here as in other areas. The interesting aspect to this loss is that the worst of it took place from the second quarter of 1979 through the third quarter of 1980, as much in response to high interest rates as to recession *per se;* and while they have not regained those losses, they have lost very little more. Ever since the fourth quarter of 1980 the factory job level has fluctuated within a very narrow range at low level. So the first-quarter '82 job losses in this sector did not budge the seasonally adjusted

WILLIAMSPORT AREA INDUSTRY JOBS



WILLIAMSPORT AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	46.0	101	102	102
Unemployed, no. of residents	7.2	142	137	132
Civilian labor force, no. in	53.2	105	106	105
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	45.6	100	100	100
Nonmfg. only, no. jobs in	29.7	106	107	108
Mfg. only, no. jobs in	15.9	91	91	89
Hrs. worked by production workers in mfg., ave. weekly	39.7	102	102	101
Industrial electric power sales	***	96	98	101
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.3	***	***	***
Nonresidential bldg. contracts only	0.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 11.6	***	***	***
From same quarter, previous year	+ 22.4	***	***	***

[1] Lycoming County

quarterly index. It does not appear that output is very high, however. Changes in the average factory workweek have not matched seasonal practice, nor has use of electricity for production.

Checking account usage, as measured by debits to demand deposits at commercial banks, does not suggest a very vigorous pace of general business activity at present.

So far, the recession damage to Williamsport is far less severe than was the damage done in 1979 and 1980 by reaction to high interest rates; but this area does not react quickly to turns in the national business cycle, and may continue in its present condition for several months.

Northwestern Quarter

Erie

Erie County is sharing the fate of the neighboring state of Ohio and other Great Lakes Basin industrial areas in the current recession. A month after this recession commenced, total employment in Erie County began to decline and continued to do so in the first quarter of this year. By March, it was indexed at the lowest seasonally adjusted point since the first quarter of 1977.

Local industries leveled off their job offerings in 1979, more than a year before the onset of the recession of 1980. They cut back sharply in that year, then leveled off again in early 1981, before starting a decline in August that only recently stopped.

Unemployment has been rising rather sharply in this area, with very wide month-to-month fluctuations, ever since the start of 1978. In the first quarter of 1982 it peaked in February, and fell only slightly below that mark in March.

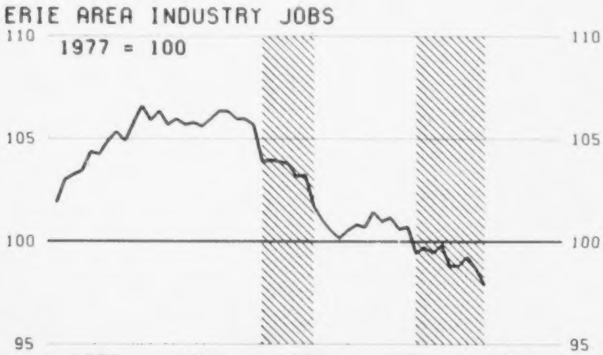
Both of the major types of local industry — manufacturing and nonmanufacturing — have had job losses. The former have been especially hard-hit and by March had fallen to the lowest seasonally adjusted point since December 1969. The latter have been declining very slowly since the first quarter of 1979, and for about six months have shown a tendency to level off at last.

National conditions have not changed in Erie's favor. Until they do, the present situation will probably persist.

ERIE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	108.2	100	102	104
Unemployed, no. of residents	15.0	154	138	130
Civilian labor force, no. in	123.2	104	105	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	106.9	99	99	101
Nonmfg. only, no. jobs in	66.6	102	102	105
Mfg. only, no. jobs in	40.2	95	95	96
Hrs. worked by production workers in mfg., ave. weekly	40.3	98	100	99
Industrial electric power sales	***	83	105	102
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.6	***	***	***
Nonresidential bldg. contracts only	2.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.8	***	***	***
From same quarter, previous year	+ 6.8	***	***	***

[1]Erie County



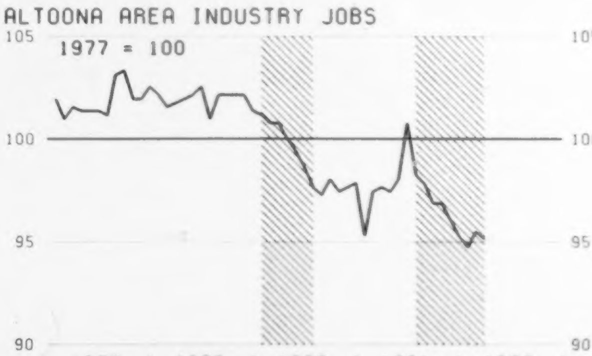
Southwestern Quarter

Altoona

Last year was not a good one for Blair County, and this year is so far more of the same. During the first quarter, total employment continued to decline, reaching its lowest point in January since the end of the 1973-75 recession. The employment loss had been only half as bad in the brief 1980 recession.

However, the labor force continued to decline in size, which helped to curb unemployment. The extremely high record for unemployment in January, and for the unemployment rate, is somewhat doubtful, given the unreliability of data for areas as small as Blair County; but there is no question that unemployment is a serious problem here, as it has been for nearly two years. By the end of the first quarter, unemployment had subsided to the range in which it had fluctuated during the last half of 1981.

Local industries of both manufacturing and nonmanufacturing types have contributed to the decline in



conditions. The latter industries peaked in the third quarter of 1978 and have drifted down ever since, although ever so slightly in the first quarter. Factories took a sharp drop between July (the start of the current recession) and January. On balance, the local industry job level fell to about the same low point reached at the end of the 1973-5 recession.

By the end of the first quarter, there were some signs that perhaps the declines were leveling off. While the labor force continued to decline (all things considered, a plus for the area in these times), employment improved a little, unemployment declined some, factory jobs picked up a bit, and other industries had only their usual seasonal month-to-month changes. Checking accounts were being used actively enough to suggest a fair pace of business generally. But it will take at least a couple of more months of similar behavior before we can be reasonably sure that the worst of the storm is over.

ALTOONA AREA[1]

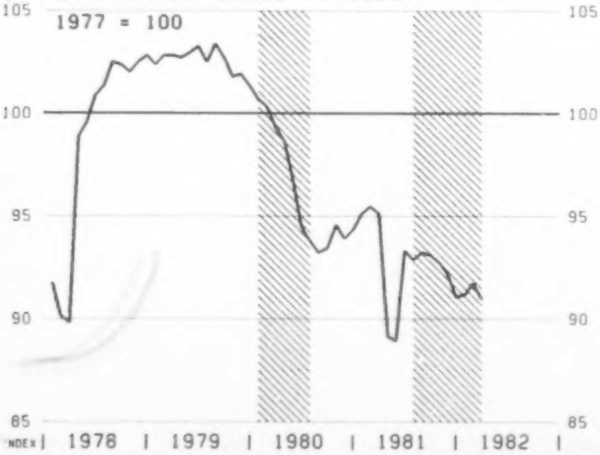
	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	48.6	96	99	99
Unemployed, no. of residents	8.7	186	179	165
Civilian labor force, no. in	57.3	103	104	104
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	47.5	95	96	97
Nonmfg. only, no. jobs in	35.7	96	96	99
Mfg. only, no. jobs in	11.8	92	95	92
Hrs. worked by production workers in mfg., ave. weekly	38.6	101	102	100
Industrial electric power sales	***	91	98	99
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.5	***	***	***
Nonresidential bldg. contracts only	0.6	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+12.9	***	***	***
From same quarter, previous year	+31.5	***	***	***

[1] Blair County

Johnstown

A rather important point to be made about the performance of the economy of the Johnstown area in the early part of this year is that the area's nonmanufacturing industries are holding their job level. Throughout the second half of 1981, after the onset of the current recession, they experienced only the usual seasonal changes from one month to the next, and did not show recession damage. During the recession of 1980 (and for six months before its onset) they had reduced job offerings. During the first quarter of 1982 they improved a trifle, briefly, especially in February. While some more jobs were added in March, they didn't quite match seasonal expectations.

JOHNSTOWN AREA INDUSTRY JOBS



The local nonmanufacturing industries of the area in 1981 accounted for nearly 80 percent of local jobs. Manufacturing jobs represent about one-fifth of the job offerings. These figures are roughly in line with the United States, for which the percentages in the same year were 77.8 and 22.2 percent respectively. Pennsylvania, in contrast, had only 72.2 percent of its jobs in nonmanufacturing industries and 27.5 percent in manufacturing. Traditionally a manufacturing area, Johnstown has reached its present proportions through the severe wringing out it has taken during the present recession, which has been described as a "manufacturing recession."

The net effect of the recession on local and nearby industries has been to drop employment of residents to one of the lowest points in recent years in January. The rest of the first quarter showed some leveling off in the decline. It is beginning to look as if local conditions may be steadying; but we won't know for sure for two or three more months. Unemployment is undeniably bad here, and recent improvement is largely the result of people ceasing to hunt for work. No large-scale improvement in steel or other durable goods industries is expected in the near future, and so not much hope can be held out for Johnstown's fortunes to improve in this respect. This area is one of the hardest hit in Pennsylvania by this recession. Just possibly it can hold its present level of operations until more strength develops in the national economy.

JOHNSTOWN AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	88.1	92	95	98
Unemployed, no. of residents	17.7	149	140	125
Civilian labor force, no. in	105.9	98	99	100
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	79.0	92	92	96
Nonmfg. only, no. jobs in	63.7	99	98	100
Mfg. only, no. jobs in	15.3	73	76	84
Hrs. worked by production workers in mfg., ave. weekly	35.8	92	94	95
Industrial electric power sales	***	125	120	103
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	4.0	***	***	***
Nonresidential bldg. contracts only	4.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 6.2	***	***	***
From same quarter, previous year	+ 33.7	***	***	***

[1] Cambria and Somerset counties

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Pittsburgh

The current recession and the plight of the steel industry are taking their toll of Pittsburgh's economy. The area had held up quite well in 1981 in spite of recession and steel; but by the end of that year the area could not longer hold out against national downturn. In the first quarter of 1982, particularly in March, the recession really hurt.

In March, total employment dropped to its lowest seasonally adjusted point since January 1978. Unemployment maintained a seasonally adjusted unemployment rate just short of double digits each month in the first quarter. Still, it was better than that for Pennsylvania.

Among local industries, factories took the brunt of the recession damage. Layoffs of workers began last August, and have plunged the job level to a record low point. The average week worked by those who remain on the job is the shortest it has been (after allowance for the usual seasonal shifts) since the recession of 1980. Factory output, as judged by the use made of electricity for production, by March had fallen to its lowest point since the first quarter of 1978.

Use of checking accounts in commercial banks — a measure of general briskness in business conditions — reflect trouble in the local economy. There was an actual decline in dollar volume during the first quarter, compared with the last quarter of 1981; and volume was up by little more than the rate of inflation from the first quarter of 1981.

Even so, local industries other than manufacturing are providing good, solid support to Pittsburgh's economy. They provide three jobs for every factory job, and they have taken very little recession damage. If month-to-month additions to the job total in the first quarter did not quite match seasonal practice, they nevertheless are holding very close to the record high plateau maintained since 1979.

PITTSBURGH AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	910.1	102	105	106
Unemployed, no. of residents	109.9	155	135	112
Civilian labor force, no. in	1,020.0	106	107	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	902.5	100	102	103
Nonmfg. only, no. jobs in	684.3	106	107	106
Mfg. only, no. jobs in	214.1	86	92	96
Hrs. worked by production workers in mfg., ave. weekly	39.4	96	98	100
Industrial electric power sales	***	89	99	106
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	26.4	***	***	***
Nonresidential bldg. contracts only	61.7	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 0.9	***	***	***
From same quarter, previous year	+ 11.8	***	***	***

[1] Allegheny, Beaver, Washington and Westmoreland counties

State College

It took until March for a recession that began in July 1981 to register visible overall effects on Centre County's economy. In that month total employment dropped after a two-month rise, and it fell to the lowest point since January 1981. At the same time unemployment failed to take its seasonal decline, although it did decline some. Therefore it was indexed at a higher (worse) level than it would have been had only the usual seasonal shifts prevailed.

Firms located in the County showed some recession damage in their job offerings. While they cut back some during the first quarter, on average it was a light loss for the time of year, and, in fact, the quarterly job index rose a notch. In March, however, there were more cutbacks and they could not be accounted for by the usual seasonal shifts. Most of the problem was in manufacturing.

Other industries did not pick up in spring quite as usual, but their job level has remained very steady and good.

It's a bit much to expect county activity to pick up briskly; but damage can be expected to remain minor.

STATE COLLEGE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'82	1 Q.'82	4 Q.'81	1 Q.'81
Employment (in thousands)				
Employed, no. of residents	42.6	109	110	110
Unemployed, no. of residents	4.1	160	146	129
Civilian labor force, no. in	46.7	112	112	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	43.5	108	107	107
Nonmfg. only, no. jobs in	36.4	107	106	107
Mfg. only, no. jobs in	7.1	111	111	104
Industrial electric power sales	***	94	95	98
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.8	***	***	***
Nonresidential bldg. contracts only	3.1	***	***	***

[1] Centre County

6/30/82 [illegible] A

Disappointments Dominate

To no one's surprise, April turned out to be a disappointing month for the economies of both Pennsylvania and the Nation.

Nationally, unemployment rose and employment dropped. In Pennsylvania, the opposite movements were experienced, but—at least so far as unemployment is concerned—that was not much to get happy about. The unemployment rate for this State has been dropping each month, from a high of 12 percent in January to 10.3 percent in April. That should be good news; but, in the first place, the January high was so far out of line with prior experience that one has to wonder whether in that month the sampling overstated conditions; and, in the second place, after allowance for the usual month-to-month shifts at this time of year it is found that the unemployment situation is worsening, not getting better. After seasonal adjustment, the rate remained for four months in double digits: 10.5, 10.1, 10.1, and finally, in April, 11 percent—well above the comparable rate for the Nation, 9.4 percent.

As for Pennsylvania industries, the factories are still losing jobs. Instead of adding them in April, as is customary, the factories continued to lay off workers. The number still on the job totaled only 1,205,000. The seasonally adjusted index fell to another record low which is 10 percent below the level of about four years ago.

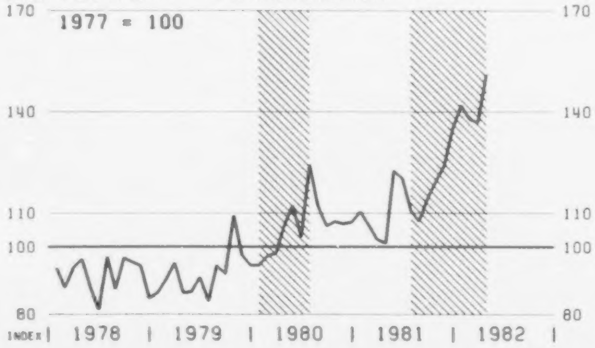
Even the stable nonmanufacturing industries are easing off now. As of April, this group was supplying about three out of four jobs contributed by Pennsylvania firms. Although they grew steadily for years, their job growth topped off in 1979. Since then, their job level has stayed at or close to peak; but although more jobs were added in April, the number did not match the customary seasonal pattern. As a result, the adjusted index dropped for the second month, but not far. Some of the industries in this group have been recession victims, like construction and transportation. A few, like government, are actually declining in the number of jobs they furnish. Others may have been growing fast, like the finance group, but don't add up to many jobs. It is the largest groups—trade and services—that have been slightly disappointing in their job additions these last two months.

The steel industry gets worse month by month. In April, Pennsylvania mills produced only 1,054,000 net tons. They did better than that during the 116-day steel strike in 1959. April production if maintained for a whole year would amount to only 12 million tons. A year ago the industry was producing at an annual rate of about 27 million tons. As a group, the primary metals industries are still laying off workers, and they are shortening the average workweek of those who remain on the job. Early May reports from the Pittsburgh and Northeast steel-producing districts (which include parts of adjoining states as well as parts of Pennsylvania) do not suggest an immediate strengthening of this industry.

Still, there is another side to the coin: employment. In Pennsylvania, total employment actually rose in April. At 4,867,000 the total was the largest it has been in any month this year—under a year ago by 158,000, but nevertheless up 40,000 from March. According to its customary seasonal pattern, a rise of slightly less than 10,000 would have been enough to match the usual seasonal gain in April. We should be grateful for small blessings.

Furthermore, recently there has been a change in Pennsylvania's experience with employment. From August 1981, a month after the current recession began, through January of this year, whatever happened to employment from

UNEMPLOYMENT - PENNSYLVANIA



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **June 1982** month to month, gain or loss, the change was a disappointment. In recent months, that decline seems to have halted. Month-to-month changes have become more closely related to usual seasonal shifts than to additional recession damage. Employment seems to be showing some tendency to level off.

Finally, an encouraging sign came in April from initial claims for unemployment benefits. These provide a clue as to whether or not businesses are laying off workers who up until now have held jobs. While the number of claims remains large, and did increase in April, the increase was only a mild one, and that's a good sign.

Nevertheless, these glimmerings of improvement are extremely tentative. They will have to persist for two or three months before we can think that a sustained improvement has indeed begun.

Nationally, April activity was almost uniformly worse than that of March. The drop in employment affected a wide variety of industries. Unemployment rose to a post-World-War-II record, and there were high rates for adult men and blue-collar workers as well as for some marginal groups of workers. Business failures hit a postdepression high. Consumers' plans and capital spending plans for business were weaker. Auto output and factory output generally were down. Housing starts—especially starts of single-family housing—dropped, and spending for construction generally dropped too. Factory orders continued to decline.

However, the index of leading indicators did turn up for the first time in a year. Five of its components improved: the average workweek, building permits, stock prices, change in liquid assets, and the money supply. Optimists were noting other, more obscure, signs of revival nationally. A few indicators that in five or six of the last seven recessions began to improve ahead of the index of leading indicators have been improving recently. Real M 2 money supply started to increase last October and its rise has not been interrupted. Building permits for new private housing units began to climb in November. The Government's index of lagging indicators began to drop in October and is still declining. Its components tend to foster activity when this index falls. Air travel is picking up—and not just discount fares.

Furthermore, some signs of revival are reported for other countries: International indexes of leading indicators are

Economic Activity in Pennsylvania

	1982		1981	Seasonally Adjusted Indexes (1977 = 100.)		
				1981	1982	
	March	April	April	Apr.	Mar.	Apr.
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,583*	4,595	4,760	103.5	101.1*	100.4
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,362*	3,384	3,427	106.4	105.6*	105.1
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,216*	1,205	1,305	97.3	91.1*	89.9
Hrs. worked by prod. workers in, ave. wkly.	38.7*	38.2	39.3	99.8	98.4*	97.0
Total factory man-hours worked (mil. wkly.)	32.6*	31.7	36.4	95.1	85.2*	82.9
Total factory payrolls (mil. $ wkly.)	277.9*	271.1	299.0	133.0	124.2*	120.5
Steel production (thous. tons)	1,293	1,057	2,396	104	54	46
Industrial electric power sales (mil. kwh)	3,637	3,457	3,843	105	96	95
Mining:						
Anthracite (thous. net tons)	613	550	463	93	118	111
Bituminous coal (thous. net tons)	7,718	n.a.	2,311	(97)†	113	n.a.
Construction contracts [illegible], value ($ mils.)						
Total	573.4	375.6	522.8*	158*	156	113
Residential building	135.4	131.9	195.3*	110*	76	77
Other building	189.0	141.2	194.3*	184*	132	138
Nonbuilding (utilities and public works)	249.0	102.5	133.1*	168*	319	117
Employment of Pa. Residents						
Employed, total number in (thous.)	4,827	4,867	5,025	105.4	101.5	102.1
Unemployed:						
Total number in (thous.)	572	557	374	101.2	136.9	150.9
Rate (percentage of labor force)	10.6	10.3	6.9	—	—	—
Rate, seasonally adjusted	10.1	11.0	7.4	—	—	—
Civilian labor force, number in (thous.)	5,399	5,423	5,400	105.1	104.3	105.9
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		+ 5.4				
From same month, previous year		+20.7				

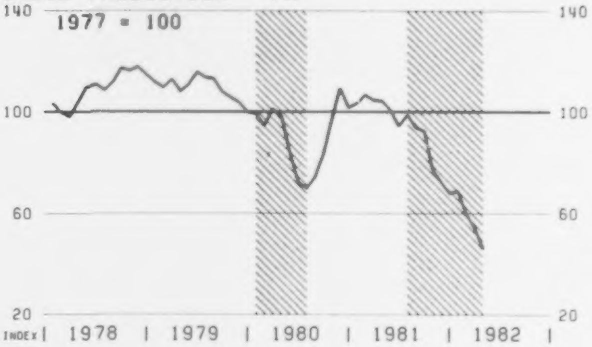
Notes: † = March 1981 figure
* = Figure revised n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

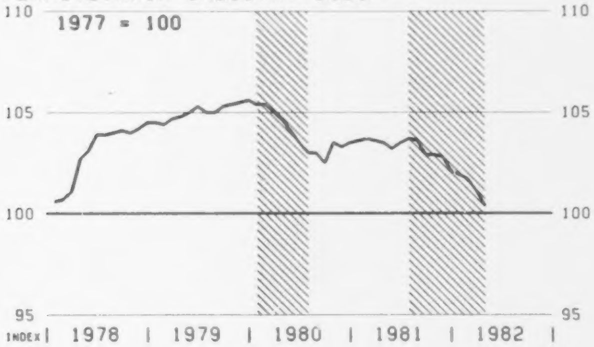
rising—gains that make their originators, the Rutgers Center for International Business Research, think that perhaps a world economic recovery may be shaping up; Manufacturers Hanover Trust thinks the recession in Europe has bottomed out; the Federal Reserve Bank of Chicago notes an easing of monetary policy in Europe.[1] Besides, finance ministers of the largest industrialized countries, in a joint meeting of the International Monetary Fund and the World Bank, are reported to be seeing a strengthening of the sagging world economy.

The role the U.S. consumer can be expected to play in coming months is not yet well defined. The sharp dwindling

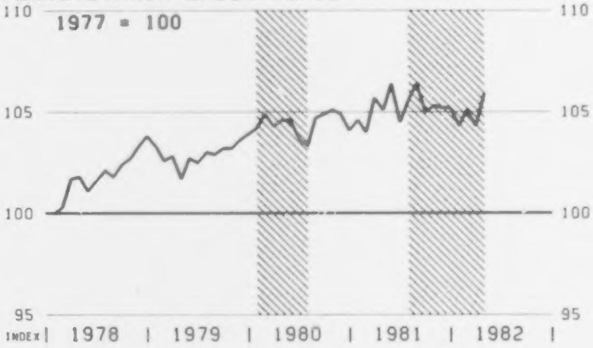
STEEL PRODUCTION - PA



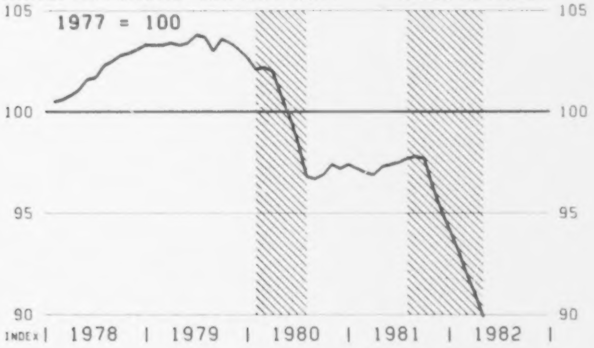
PENNSYLVANIA INDUSTRY JOBS



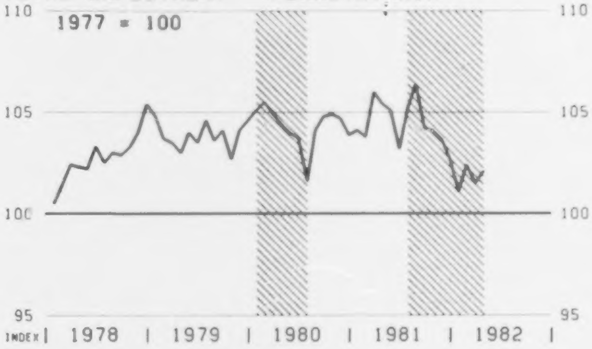
PENNSYLVANIA LABOR FORCE



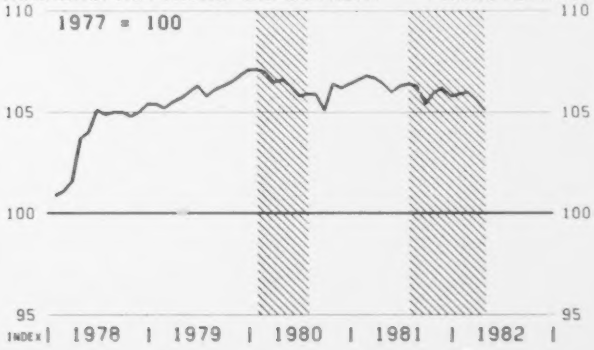
MANUFACTURING EMPLOYMENT - PENNSYLVANIA



TOTAL EMPLOYMENT - PENNSYLVANIA



NONMANUFACTURING EMPLOYMENT - PENNSYLVANIA



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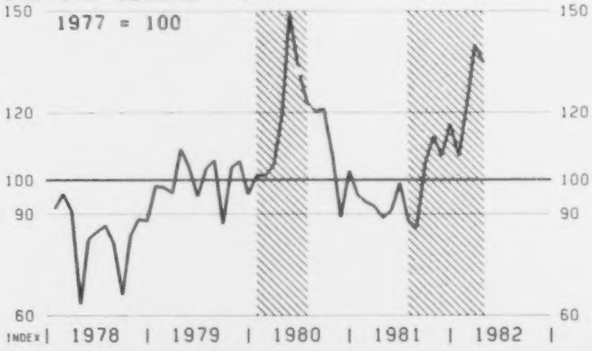

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[1] *Wall Street Journal*, "The Outlook," May 3, 1982, p. 1.

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Apr. 1981	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.7

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

of inflation is tantamount to a tax reduction of about $25 billion according to Washington analyst Joel Popkin. The ratio of consumer credit to disposable income is reported down to 15 percent—it is said to have fallen more in the last two years than in the last two decades. The consumer is saving more than he did in recent months.

As for Pennsylvania, until he starts to buy cars at a brisk pace and until capital spending picks up, this state can't hope for much of a boost from conditions. In recent weeks, General Motors has offered below-market financing, with an immediate pickup in sales. This suggests that if interest rates drop just a bit further the car market may start to build. But capital spending typically lags an upturn. Even if the consumer price index does not rise faster in future months (as it is expected to do) and the buyer decides to spend heavily for durable goods, it is going to take some time for activity to expand. Until such business picks up, cash flow won't permit very much buying of machinery and such.

In any event, unemployment is not going to improve very quickly. Employers can be expected to take up the slack in their present operations before they enlarge work force. In adjusting to less inflation, they have to cope for a while with conditions of operational costs that persist at a time when prices of their products are declining. Finally, when people begin to get the notion that it's possible to get a job, those formerly discouraged workers who had dropped out of the labor market are going to come back into it, and that will keep the unemployment rates high.

– A.E. Warne

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Have Lost Factory Jobs Hurt Earnings?

During the decade of the 1970s, Pennsylvania lost more than 200,000 manufacturing jobs—that is, jobs supplied by factories located in Pennsylvania. In 1970 these industries supplied, on average, about 1,524,767 jobs a month; and in 1980 about 1,328,175 jobs, according to Pennsylvania's Department of Labor and Industry.[1] The difference is 13.1 percent, or an estimated 200,592.

In the early 1980s, manufacturing jobs have continued to decline, as both Nation and State have labored under the effects of two successive recessions, the first running from January to July 1980; the second starting in July 1981 and still in progress.

While Pennsylvania lost factory jobs, it gained jobs of other types. The socalled nonmanufacturing industries provided a monthly average of 2,822,783 in 1970 as against 3,424,883 in 1980.[1] That was a gain of 21.3 percent, or an estimated increase of 602,100 jobs. During the back-to-back recession years that launched the 1980s, this category of industries was holding its job gains but not advancing further. The largest groups of industries in this category are services (over a million jobs a month now), retail trade (more than 700,000), and state and local government (more than 550,000).

Since Pennsylvania traditionally has been a manufacturing state, and a wealthy one, the loss of manufacturing jobs hurts very much indeed. In fact, it seems to count for more with some people than the gain in other types of jobs, and the whole situation is sometimes viewed as a dismal development that requires action to "turn Pennsylvania's economy around." The trend toward development of service jobs, to quote one editor, "need not be a trend to which Pennsylvanians spinelessly acquiesce . . . The working family's biggest paychecks in Pennsylvania still come from the jobs that require sweat on the brow or advanced technological skills. These are the jobs that make products [for which] Pennsylvania has been famous for a century . . . it would do this Commonwealth little good to lose such blue-collar jobs and replace them with interchangeable service slots often at a scale of the minimum wage."[2]

Was turning away from manufacturing toward other activities a poor tradeoff in terms of paychecks? Are a lot of formerly well-paid factory workers now eking out an existence slinging hash part-time? If they are, it ought to show up in certain figures collected by the U.S. Department of Labor.

The Department receives payroll reports from employers for employees covered by State and Federal unemployment insurance programs. In Pennsylvania, that accounts for about 95 percent of all workers. By dividing annual payroll by average annual employment, the Labor Department estimates average annual pay per worker for a given year for all industries in a particular area. This is done for each state.

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[1] The 1970 figure includes strikers, but the 1980 figure does not. The difference is not considered seriously distorting. Data from Office of Employment Security.

[2] Editorial, *The Patriot*, Harrisburg, Pa., Sept. 1, 1981, p. 20.

If Pennsylvania's tradeoff has been an unfortunate one from the earnings viewpoint, it should mean that Pennsylvania's annual payroll per worker would suffer over the time period during which manufacturing jobs were lost, even though the losses were more than offset by the job gains in other industries.

The latest annual figures are for the year 1980. When all the states are ranked by size of annual earnings per worker in that year, it is found that only 14 (and the District of Columbia) outrank Pennsylvania. In 1970, Pennsylvania was not even among the top fifteen states. It had to jump from twentieth in that year to make the top group in 1980. What's more, only four other states improved their positions enough to get into that group. The remaining ten were there and stayed there. Average annual payroll per worker for Pennsylvania at $14,373 in 1980 was as good as the U.S. average, which was $14,363. Thirty-five states had lower averages. Of the top fifteen, nine are clustered in the industrial northeast and north-central states. One sunbelt state is represented. Two of the mountain states are there, and two from the far west. Then there is Alaska, leading the other 49 now, as it did in 1970.

With respect to its six adjoining states, Pennsylvania improved its rank more than any by gaining five places. Delaware and West Virginia each rose one place. New York remained number three, and the others slipped. Ohio dropped four places and New Jersey two. All of them, however, remained among the top fifteen. Maryland was not among the top group in 1970 and is not now. Then it ranked seventeenth and now it ranks twentieth.

The sunbelt states, with two exceptions (Texas and Louisiana, which ranked twelfth and sixteenth, respectively, in 1980) remain now as then mostly at the low end of the rankings.

These figures do not show whether large annual paychecks per worker are a burden to Pennsylvania industries and a deterrent to development, or a boon. A lot goes into determining whether labor cost is high or low—the skill and productivity of the worker, for instance, and the extent to which the particular industry is labor-intensive. Nor do these figures tell anything about unemployment. It is possible to have a few highly skilled or high-seniority people at work, who are very well paid, and still have a lot of people unemployed. Michigan is an example. In 1970 and 1980 (both recession years) Michigan ranked second in average annual pay and yet now (in a third recession year) has perhaps the highest unemployment rate of any state in the Nation.

These figures do, however, supply evidence that Pennsylvania's shift from manufacturing to other types of jobs seems not to have hurt the earnings of people who work in them.

And a great many more Pennsylvanians are working now than did in 1970, both within the state and across its borders in neighboring states. The number of residents of Pennsylvania holding jobs (as distinguished from the number of jobs supplied by Pennsylvania industries) increased between 1970 and 1980 by 392,250, or 8.5 percent. That was a period during which Pennsylvania's population was essentially stable. In fact, 1980 was the first year in which monthly average employment topped five million. In 1981 it went on up to another new peak of about 5,018,000. If unemployment increased—and it nearly doubled between 1970 and 1980—it was not from job loss but from labor force growth. Industries in and within commuting distance of Pennsylvania simply could not expand fast enough to provide jobs for all those who decided they wanted to look for them.

Would some of those lost manufacturing jobs have helped much? Apparently not in this particular recession. Given the way in which manufacturing has lost jobs since 1979, unemployment would likely have been no better than it is

Average Annual Pay per Worker, 1980, and Rank in 1970 and 1980

State	1980 Ave. annual pay in dollars	Rank of state 1980	Rank of state 1970
Alaska	$23,125	1	1
(District of Columbia)	(18,930)		
Michigan	16,825	2	2
New York	15,687	3	3
Illinois	15,664	4	4
Washington	15,638	5	8
Wyoming	15,629	6	42
California	15,365	7	5
Delaware	15,255	8	9
New Jersey	15,194	9	7
Ohio	15,009	10	6
Connecticut	14,821	11	10
Texas	14,583	12	25
Colorado	14,561	13	21
West Virginia	14,466	14	15
PENNSYLVANIA	14,373	15	20
United States	14,363		
Louisiana	14,342	16	24
Oregon	14,277	17	23
Indiana	14,222	18	12
Nevada	14,161	19	11
Maryland	13,900	20	17
Minnesota	13,896	21	22
Arizona	13,803	22	18
Massachusetts	13,798	23	19
Oklahoma	13,787	24	26
Missouri	13,750	25	13
Wisconsin	13,677	26	16
Utah	13,574	27	33
Hawaii	13,507	28	14
Kentucky	13,346	29	31
New Mexico	13,302	30	37
Virginia	13,242	31	28
Iowa	13,110	32	30
Kansas	13,091	33	34
Georgia	12,918	34	36
Alabama	12,902	35	38
Idaho	12,769	36	43
Montana	12,729	37	40
Tennessee	12,674	38	41
Florida	12,660	39	27
Rhode Island	12,527	40	32
New Hampshire	12,228	41	35
North Dakota	12,226	42	44
Nebraska	12,201	43	39
North Carolina	11,989	44	46
South Carolina	11,939	45	47
Vermont	11,838	46	29
Maine	11,747	47	45
Arkansas	11,705	48	50
Mississippi	11,363	49	49
South Dakota	11,097	50	48

Sources: Preliminary data for 1980 from U.S. Department of Labor news release 81-593, 1/8/82. Data for 1970 from U.S. Dept. of Labor Statistical Bulletin No. 299. Rankings by Center for Research, College of Business Administration, The Pennsylvania State University

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now and could easily have been much worse. The shift toward nonmanufacturing jobs seems to be stabilizing Pennsylvania in its reaction to the current recession. One expert on business cycles thinks that, on balance, today's economy is less depression-prone than it used to be. One factor in this improvement, he says, is the rise that has taken place in the proportion of jobs in the service industries.[3]

– A. E. Warne

[3] Geoffrey Moore, director of the Rutgers University Center for International Business Cycle Research, quoted in a survey made by the *Wall Street Journal*. See "Depression is Unlikely, Leading Analysts Say, Despite Painful Slump," WSJ, April 7, 1982, p. 1.

Trends in Pennsylvania's Population, 1970-1980

Between 1970 and 1980, Pennsylvania as a whole experienced very little population growth. During this period, Pennsylvania's population grew only 0.5 percent while the total U.S. population grew 11.5 percent.

However, this slow to no-growth trend is not prevalent in all areas of the state. York, State College, and Lancaster all experienced fairly rapid population growth (above the national average) between 1970 and 1980. In addition, moderate growth was seen in Harrisburg, Allentown-Bethlehem-Easton, Erie, Reading, Williamsport, and nonmetropolitan areas of the state. On the other hand, the major population centers of Philadelphia and Pittsburgh both experienced population losses.

A significant shift in Pennsylvania's population away from central cities is evident in the decade between 1970 and 1980. The only "central city"[1] in Pennsylvania to gain population during this time was State College while metropolitan areas outside the central cities, except Pittsburgh, all increased in population.

This trend toward decentralized urban areas is also seen in the nation as a whole. In metropolitan areas, the population both inside and outside the nation's central cities increased from 1970 to 1980, but the population inside the central cities increased by 6.4 percent, which is less than the rate for the population as a whole, while the areas outside the central cities increased their population by 34.3 percent — well above the 11.5 percent average.

There has also been a shift in Pennsylvania's population away from the metropolitan and toward the nonmetropolitan areas. Between 1970 and 1980, Pennsylvania's population inside its SMSA's declined 0.9 percent while the population outside its SMSA's increased by 7.6 percent.

But, this trend was not experienced by the nation as a whole. The nation's metropolitan population increased by 21.5 percent while the nonmetropolitan population decreased by 10.5 percent between 1970 and 1980. The national trend is due in part to the reclassification of 35 areas as SMSA's, including Sharon and State College, Pennsylvania. However, even without the reclassification, a population shift to metropolitan areas is evident in the nation as a whole while Pennsylvania exhibits the opposite trend. In 1970, 31.4 percent of the nation's and 16.9 percent of Pennsylvania's population lived in nonmetropolitan areas while in 1980 these figures were 25.2 and 18.1 percent, respectively.

– N. G. Pappas

[1] The area defined as a "central city" for this purpose is the Borough of State College.

Population in Pennsylvania by SMSA for 1980 and 1970 and Percentage Change by Central City Designation

	POPULATION COUNTS		PERCENTAGE CHANGE 1970-1980		
	1980	1970	Total	Inside central city	Outside central city
PENNSYLVANIA	11,863,895	11,800,766	0.5	—	—
Inside SMSA's	9,718,995	9,807,000[a]	-0.9	-13.2	5.8
Outside SMSA's	2,144,900	1,994,000[a]	7.6	—	—
SOUTHEASTERN SMSA's					
Harrisburg	446,072	410,505	8.7	-21.7	14.7
Lancaster	362,346	320,079	13.2	-5.1	17.2
Philadelphia	4,716,818	4,824,110	-2.2	-13.4	5.4
Reading	312,509	296,382	5.4	-10.2	12.0
York	381,255	329,540	15.7	-11.4	20.6
NORTHEASTERN SMSA's					
Allentown-Bethlehem-Easton	636,714	594,382	7.1	-5.6	14.2
Northeast Pennsylvania	640,396	621,882	3.0	-13.0	10.1
Williamsport	118,416	113,296	4.5	-11.9	12.8
NORTHWESTERN SMSA's					
Erie	279,780	263,654	6.1	-7.8	19.5
Sharon	128,299	127,225	0.8	-15.9	4.5
SOUTHWESTERN SMSA's					
Altoona	136,621	135,356	0.9	-9.6	10.1
Johnstown	264,506	262,822	0.6	-16.4	3.9
Pittsburgh	2,263,894	2,401,362	-5.7	-18.5	-2.2
State College	112,760	99,267	13.6	10.0	15.3

Source: U.S. Department of Commerce, Bureau of the Census, *1980 Census of Population, PC80-S1-5, Standard Metropolitan Statistical Areas and Standard Consolidated Areas: 1980*, October 1981, and PC 80-1-A40, *Characteristics of the Population, Number of Inhabitants*, February 1982.

[a] Rounded.

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Pennsylvania's Plight Deepens

Despite signs that the recession nationwide has bottomed out, Pennsylvania's economy continued on its downward course in May.

Pennsylvania lost another 14,300 manufacturing jobs in May, bringing the factory job level down to a new low of 1,186,500 jobs. At the same time, a less than seasonal increase in nonmanufacturing jobs was experienced. The seasonally adjusted index for total nonagricultural jobs fell to 99.8 (1977=100) in May from 100.3 in April and was down from 103.2 a year ago.

Almost half of the factory jobs lost were in the primary metals group. Pennsylvania's mills poured only 934,479 tons of steel in May, less than 40 percent of production a year ago. Furthermore, although nationally steel production has been plummeting, it has been declining even more rapidly in Pennsylvania. In May, only 14 percent of all steel produced in the nation came from Pennsylvania's mills. This is down from 15 percent in April and 20 percent a year ago.

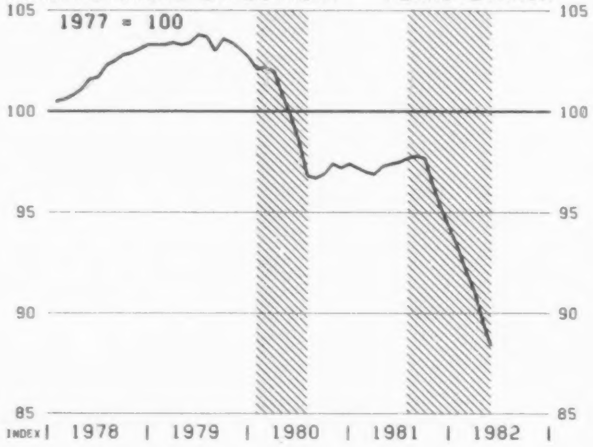
Pennsylvania's mining industry group was also down in May. The industry lost another 3000 jobs, whereas an increase in jobs is usually expected at this time of year. Furthermore, the production of both anthracite and bituminous coal declined in the latest months for which we have data. In April, the production of bituminous coal was way up from last year's figure of 2,311,000 tons, which reflected the effects of the 1981 coal strike; however, it was down to 6,434,000 tons from March's 7,718,000 tons.

The gains in nonmanufacturing jobs were in contract construction, retail trade, and services. Jobs in contract construction in Pennsylvania were up 11,400 in May from April's figure, which is more than seasonally expected. However, the value of construction contracts awarded was down in residential and nonresidential building, and although it was up slightly for utilities and public works, the increase was less than expected for this time of year. Finally, Pennsylvania had 9200 more retail trade jobs and 5400 more service jobs in May than in April.

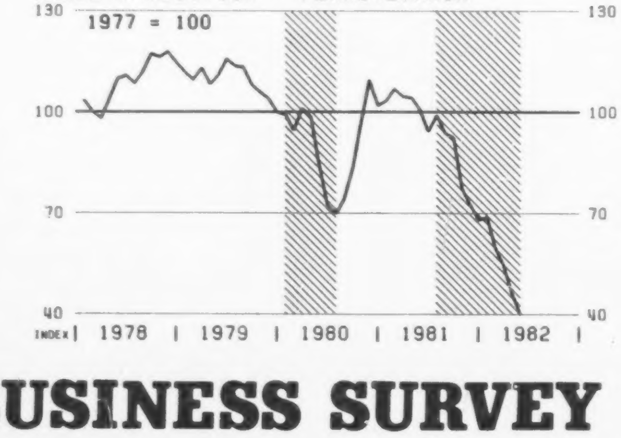
Total employment and unemployment in Pennsylvania did not change much in May from the previous month. The seasonally adjusted index for employment in Pennsylvania edged upward 0.1 percent. This was the second consecutive monthly increase; April's increase was 0.6 percent. Furthermore, unemployment in Pennsylvania declined in May, but not as much as is usual for this time of year. The seasonally adjusted index increased to 152.4 from 150.9 in April, and the seasonally adjusted unemployment rate stood at 11.1 percent, up 0.1 percent from April's figure.

Initial claims for unemployment compensation, although still at a high level, declined in May, whereas an increase is usually expected for this time of year. The seasonally adjusted index declined for the second consecutive month to 133.0 from 134.8 in April and 139.9 in March.

MANUFACTURING EMPLOYMENT - PENNSYLVANIA



STEEL PRODUCTION - PENNSYLVANIA



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ECONOMIC ACTIVITY IN PENNSYLVANIA	1982 April	1982 May	1981 May	Seasonally Adjusted Indexes (1977 = 100.) 1982 April	1982 May	1981 May
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,591*	4,604	4,787	100.3*	99.8	103.2
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,384	3,412	3,447	105.1	104.9	106.0
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,201*	1,187	1,308	89.6*	88.1	97.4
Hrs. worked by prod. workers in, ave. wkly.	38.1*	38.1	39.4	96.7*	96.8	100.1
Total factory man-hours worked (mil. wkly.)	31.4*	30.9	36.5	82.2*	80.6	95.4
Total factory payrolls (mil. $ wkly.)	269.0*	263.9	300.6	119.6*	118.2	134.6
Steel production (thous. tons)	1,057	934	2,346	46	40	101
Industrial electric power sales (mil. kwh)	3,457	3,197	3,685	95	89	103
Mining:						
Anthracite (thous. net tons)	550	533	240	111	106	48
Bituminous coal (thous. net tons)	6,434	n.a.	(2,311)†	96	n.a.	(34)†
Construction contracts awarded, value ($ mils.)						
Total	375.6	322.2	576.2*	113	75	136*
Residential building	131.9	116.1	183.4*	77	55	88*
Other building	141.2	92.2	176.9*	138	74	149*
Nonbuilding (utilities and public works)	102.5	113.9	215.8*	117	96	177*
Employment of Pa. Residents						
Employed, total number in (thous.)	4,867	4,880	5,019	102.1	102.2	105.1
Unemployed:						
Total number in (thous.)	557	529	424	150.9	152.4	122.5
Rate (percentage of labor force)	10.3	9.8	7.8	—	—	—
Rate, seasonally adjusted	11.0	11.1	8.9	—	—	—
Civilian labor force, number in (thous.)	5,423	5,409	5,443	105.9	106.1	106.4
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		+18.3				
From same month, previous year		+21.8				

Notes:
* = Figure revised
† = April 1981 figures
n.a. = Data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

Nationwide, the economy is flat; the recession appears to have wound down, but the economy has not yet begun to expand appreciably. Preliminary estimates show a small 0.6 percent annual growth rate in real (inflation-adjusted) GNP for the April-June quarter after declines in the previous two quarters.

Small changes in employment indicators in May provide mixed signals. Unemployment rose 0.1 percent in May to a seasonally adjusted rate of 9.5 percent after rising 0.4 percent in April, and it is expected to rise further in the months ahead as students enter the work force. At the same time, the number of hours worked by production or nonsupervisory workers edged up 0.1 hour, and nonfarm payroll employment was unchanged in May, with the service-producing sector showing relatively greater strength than the goods-producing sector.

The mild, seasonally adjusted 0.2 percent decline in industrial production was the smallest since August. On the positive side, the output of consumer goods rose 0.8 percent in May for the second consecutive month. However, the strength in this sector probably reflects a sharp rise in auto production due to increased sales from special financing offers, which ended in May and early June. Preliminary auto sales figures for mid-June are way down.

It appears that, unlike previous recessions, consumer spending — not business investment — will be leading the economy to recovery. Retail sales and consumer installment debt rose in May providing evidence of increased consumer confidence in the economy. But the severe capital spending recession may overwhelm the recovery in the consumer sector. Businesses plan futher cuts in outlays for new plants and equipment.

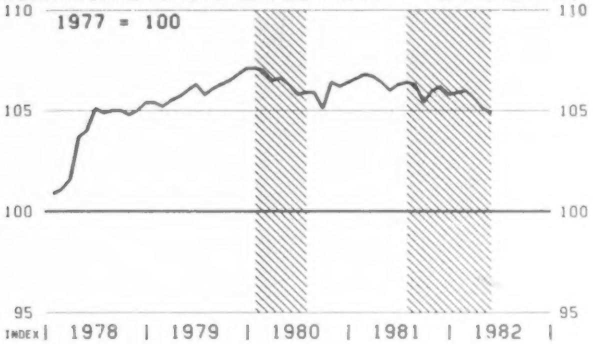
The continued layoffs in the steel industry are a result of a need by producers to cut costs — the end of which is not yet in sight. A survey by the Steel Service Center Institute found that almost three-fourths of steel warehouses plan further inventory cuts in the next few months, which means less production and more layoffs. In addition, duties recently imposed by the Commerce Department on steel imports, which have risen to 26 percent of the U.S. market, may provide little help because the market is weak and because the penalties are imposed on only some foreign suppliers — seven European nations, Brazil, and South Africa. Buyers say they will switch to other foreign sources with small or no penalties as this would be cheaper than buying domestic steel.

Thus, Pennsylvania's economic health may get even worse before getting better. *– Norma Gavin Pappas*

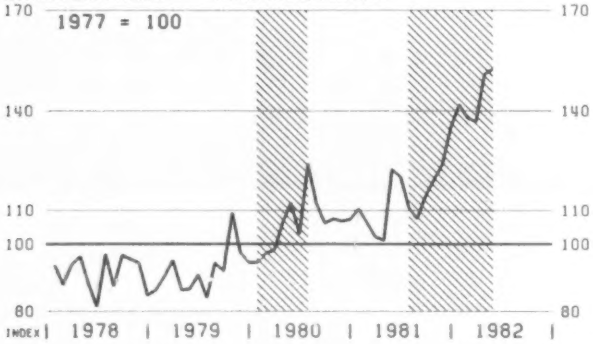
	U.S. Indexes (1967 = 100) Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
May 1981	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.6
May	287.1	140.3

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

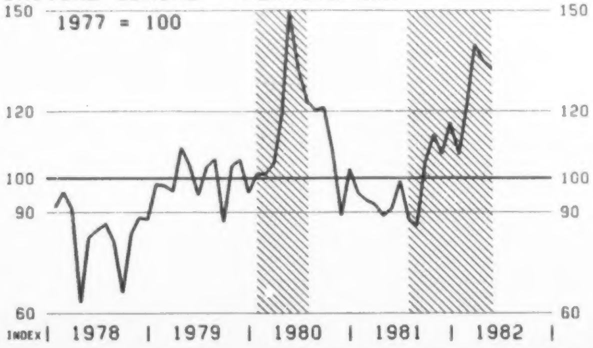
NONMANUFACTURING EMPLOYMENT - PENNSYLVANIA



UNEMPLOYMENT - PENNSYLVANIA



INITIAL CLAIMS - PENNSYLANIA



The Survey Gets a New Editor

The *Pennsylvania Business Survey* is forty-three years old this month and starts its next year with a new editor. Ms. Norma Gavin Pappas brings to the *Survey* a strong background in economic research, including the design and operation of computer simulation models and data banks, and experience in technical writing and editing.

A graduate of the School of Foreign Service at Georgetown University, she holds a Master of Arts degree in economics from the University of Washington and a certificate for writing and editing in technical fields from George Washington University.

Before coming to Penn State, Ms. Papas spent five years as a research associate and economist at Mathematica Policy Research, Inc., in Washington, D.C. Prior to that experience, she served as a research assistant at the University of Washington and at Georgetown University's Public Services Laboratory.

She authored and contributed to a number of reports on health care utilization made to the U.S. Department of Health and Human Services and authored final reports to the State of Washington and to the U.S. Department of Health, Education, and Welfare.

Ms. Pappas succeeds Alice E. Warne, who retired in June after 24 years as editor of the *Survey*.

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SMSA Counties Outpace Non-SMSA Counties in Personal Income Growth

In 1980 personal income increased 10.8 percent from its 1979 level in Pennsylvania's Standard Metropolitan Statistical Area (SMSA) counties while it increased only 9.2 percent in non-SMSA counties. The faster metropolitan increase is in contrast to the pattern of overall faster nonmetropolitan growth during the decade of the 1970's.

Personal income is a measure of the dollars available to private individuals and families in a year. It includes transfer payments, consumer interest, and personal income taxes and excludes corporate savings, corporate income taxes, and certain other payroll taxes.

Nationally, the faster metropolitan growth in personal income in 1980 was widespread, both geographically and industrially. Personal income increased more rapidly in the SMSA counties than in the non-SMSA counties in 38 states, and nonfarm earnings increased more rapidly in the SMSA counties for all of the major industry groups, except the transportation and public utilities group, and government. The national decline in farm income also contributed to the smaller increase in non-SMSA counties. Furthermore, 1980 was a period of national recession in which growth rates declined more rapidly in non-SMSA counties.

In all but six of Pennsylvania's 14 SMSA's, the increase in personal income from 1979 to 1980 was greater than the 10.2 percent national price increase, as measured by the implicit price deflator for personal consumption expenditures. The SMSA's with the greatest increases were State College and Allentown-Bethlehem-Easton, and the SMSA with the smallest increase was Johnstown, which had experienced one of the fastest growths in personal income during the 1970's. Johnstown's 1979-80 increase of 6.1 percent was 4.1 percentage points below the national price increase, representing a significant decline in real income. The nonmetropolitan growth in personal income was 1.0 percentage point below the price increase.

Per capita income for Pennsylvania was $9427 in 1980, which is slightly less than the national per capita income of $9511. Only Pittsburgh had a per capita income greater than that for all SMSA counties in the nation, which was $10,153. However, per capita income in non-SMSA counties in Pennsylvania was higher than the corresponding national figure of $7556.

– Norma Gavin Pappas

Total and Per Capita Personal Income by SMSA, 1979-1980

	Total Personal Income			Per Capita Income		
	Millions of Dollars		Percent Change	Dollars		Rank Among the Nation's SMSAs
	1979	1980		1979	1980	1980
Pennsylvania	101,453	112,137	10.5	8,544	9,427	—
Sum of SMSA counties	86,204	95,484	10.8	8,862	9,800	—
Sum of non-SMSA counties	15,249	16,653	9.2	7,104	7,738	—
Allentown-Bethlehem-Easton	5,628	6,296	11.9	8,890	9,865	85
Altoona	950	1,031	8.6	6,883	7,528	263
Erie	2,271	2,475	9.0	8,147	8,827	174
Harrisburg	3,953	4,396	11.2	8,949	9,828	86
Johnstown	2,029	2,152	6.1	7,588	8,117	239
Lancaster	3,097	3,400	9.8	8,619	9,357	123
Northeast Pennsylvania	4,810	5,278	9.8	7,478	8,223	231
Philadelphia	43,110	47,951	11.2	9,131	10,142	64
Pittsburgh	21,042	23,268	10.6	9,265	10,253	58
Reading	2,782	3,094	11.2	8,915	9,875	83
Sharon	998	1,111	11.3	7,804	8,636	197
State College	722	808	12.0	6,419	7,153	281
Williamsport	888	959	8.0	7,423	8,077	245
York	3,102	3,450	11.2	8,212	9,027	153

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, "Revised County and Metropolitan Area Personal Income," *Survey of Current Business*, Vol. 62, No. 4 (April, 1982).

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Pennsylvania's Economy Unchanged

Measures of Pennsylvania's economic health gave mixed signals in June but were generally unchanged from a month earlier. Pennsylvania's economy may be skimming along the bottom of a trough ready for an upturn, or it may be hesitating before plunging further into the recession as the nation's economy appeared to have done in June.

For example, Pennsylvania's manufacturing industries showed both strengths and weaknesses in June but remained essentially steady. The number of factory jobs in Pennsylvania remained at May's low of 1.19 million jobs. This is the lowest level since February 1946 when the full effect of the crippling steel strike early that year was felt. The seasonally adjusted index for manufacturing jobs declined to a new low of 87.9 (1977 = 100) in June from May's 88.6. In addition, total factory person-hours increased, but less than expected for this time of year, and total factory payrolls, although higher than the previous month, were unchanged after seasonal adjustment.

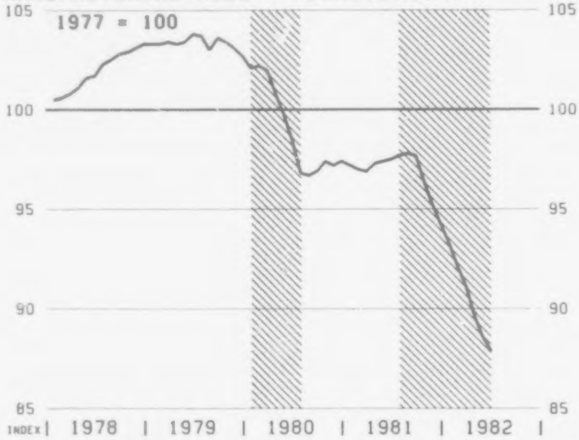
At the same time, a glimmer of good news came from average weekly hours worked by production workers in manufacturing industries, which increased slightly from May to June. Changes in this index usually precede changes in employment. Furthermore, industrial power sales, which to some extent reflects short-run adjustments in output and which conforms fairly closely to business cycle fluctuations, increased slightly more than seasonal in June. However, a few more months of data are needed before we can interpret these statistics as signs of a turnaround in the recession.

Certain industry groups were worse off than others in June. For example, although the total number of manufacturing jobs in Pennsylvania was steady, approximately 1600 more jobs were lost in the primary metals industry group. However, the average factory workweek for this industry group rose to 36.8 hours in June from 36.5 hours in May. This compares to 38.5 hours for all manufacturing industries in June.

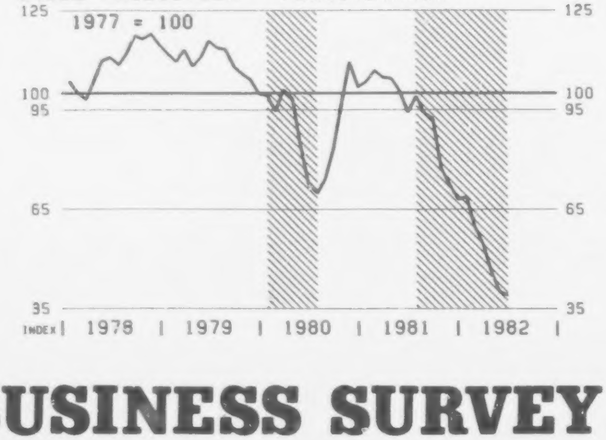
The steel industry, Pennsylvania's major industry in the primary metals group, continued to deteriorate in June. Production in both Pennsylvania and the nation declined in April. A dismal 841,594 net tons were poured in Pennsylvania's mills, representing 13.9 percent of the national total.

The nonmanufacturing sector, like the manufacturing sector, showed both some strength and some weakness. The total number of nonmanufacturing jobs in Pennsylvania declined in June, a month in which seasonal employment in nonmanufacturing industries typically peaks. The largest loss was 12,300 jobs in state and local government. The usual seasonal drop in public education jobs was not countered by an increase in non-education jobs as in other years. Because

MANUFACTURING JOBS - PENNSYLVANIA



STEEL PRODUCTION - PENNSYLVANIA



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College of Business Administration The Pennsylvania State University August 1982

of budget constraints, programs, such as CETA, which have provided a considerable number of jobs to Pennsylvanians, are being cut way back.

In addition, the sizable gain in construction jobs that usually occurs at this time of year did not take place although there was a significant gain in the value of construction contracts awarded in June from a month earlier. However, the total value of contracts for the first half of the year is $2,256.8 million, which is $189.3 million less than the total for the first half of 1981.

The labor market was not as strong as usually expected for June. However, statistical problems make the data hard to interpret. The civilian labor force in Pennsylvania increased 48,000 persons in June from May's level. The increase was less than expected for this time of year and was accompanied by less than seasonal increases in both total employment and unemployment. These data may be reflecting the fact that our seasonal adjustment factors, which are based on historical trends, do not adequately account for the increased number of students who enter the work force in May, rather than in June as in the past. In May, the number of persons in Pennsylvania's civilian labor force declined, but not as much as is usual for that month.

Furthermore, many students may have entered the labor force after the employment survey, which was conducted the week of June 6, and therefore will show up in next month's figures. The newly released figures from the Bureau of Labor Statistics show Pennsylvania's unemployment rate, based on their adjustment procedures, to have increased to 10.8 percent in July from 9.7 percent in June. Our estimates next month will follow suit.

For these reasons, the sizable decline in the seasonally adjusted unemployment rate from 11.1 percent in May to 9.8 percent in June should not be taken by itself as an indication that the recession has turned around in Pennsylvania. The unadjusted unemployment rate increased to 10.3 percent in June from 9.8 percent in May.

In addition, new claims for unemployment compensation rose in June. Although an increase is typical between May and June, the rise this year was more than expected bringing the seasonally adjusted index to 146.7 (1977 = 100) from 133.0 in May and 99.1 a year ago. June's figure exceeds those of all previous months except that of May 1980, when it was 149.6.

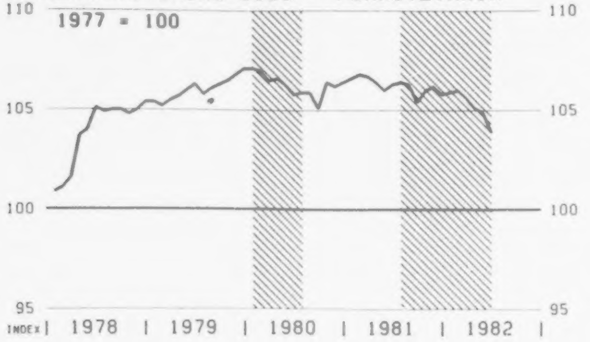
ECONOMIC ACTIVITY IN PENNSYLVANIA	1982		1981	*Seasonally Adjusted Indexes* (1977 = 100.) 1982		1981
	May	*June*	*June*	*May*	*June*	*June*
Pennsylvania Industries						
All nonagricultural industries,						
No. of wage and salaried jobs (thous.)	4,607*	4,595	4,806	99.9*	99.0	103.5
Nonmanufacturing						
No. of wage & salaried jobs (thous.)	3,412	3,404	3,482	104.9	103.9	106.3
Manufacturing						
No. of wage and salaried jobs (thous.)	1,189*	1,190	1,321	88.6*	87.9	97.5
Ave. wkly. hrs. worked by prod. workers	38.2*	38.5	39.4	97.1*	97.5	99.7
Total wkly. person-hours worked (mils.)	31.1*	31.3	36.9	81.2*	80.8	95.0
Total wkly. payroll (mil. dols.)	265.6*	268.0	304.3	118.9*	118.9	134.9
Steel production (thous. tons)	934	842	2,048	40	39	94
Industrial electric power sales (mil. kwh)	3,197	3,346	3,902	89	90	104
Mining						
Anthracite coal (thous. net tons)	533	543	477	106	107	95
Bituminous coal (thous. net tons)	6,098	6,209	6,272	83	84	84
Construction contracts awarded (mil. dols.)						
Total	322.2	491.5	447.8*	75	132	103*
Residential building	116.1	173.2	136.2*	55	88	70*
Other building	92.2	196.7	174.3*	74	139	121*
Nonbuilding (utilities and public works)	113.9	121.5	137.4*	96	105	113*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,880	4,894	4,985	102.2	101.3	103.2
Unemployed						
No. of persons (thous.)	529	563	511	152.4	132.6	120.3
Rate (percentage of labor force)	9.8	10.3	9.3	—	—	—
Rate, seasonally adjusted	11.1	9.8	8.9	—	—	—
Civilian labor force, no. of persons (thous.)	5,409	5,457	5,497	106.1	103.7	104.5
General Business Activity						
Bank debits, percentage change in dol. vol.						
From previous month	−18.3	+17.0				
From same month, previous year	+21.9	+25.0				

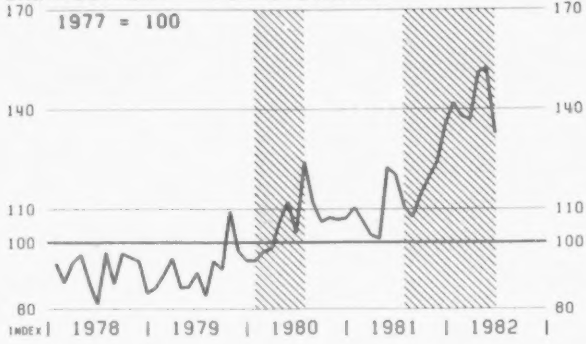
Notes:

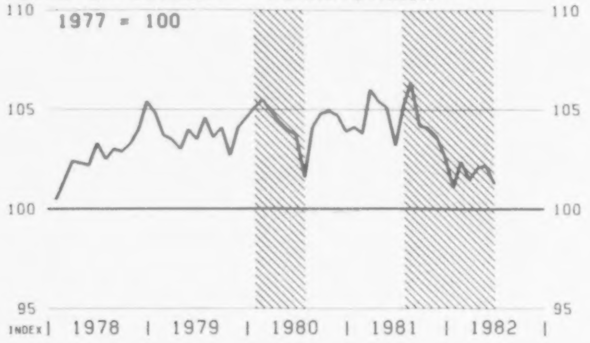
* = Figure revised n.a. = Data not available

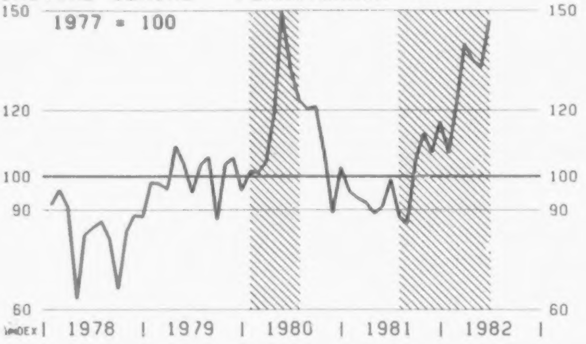
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.


NONMANUFACTURING JOBS - PENNSYLVANIA


UNEMPLOYMENT - PENNSYLVANIA


TOTAL EMPLOYMENT - PENNSYLVANIA


INITIAL CLAIMS - PENNSYLANIA

The Nation

The nation's economy faltered in June after having improved somewhat in May, clouding speculation that a recovery had begun.

Several economic indicators worsened in June, including employment, industrial production, and retail sales. The labor market was weaker in June than in May, despite the stability in the unemployment rate, which remained unchanged at a seasonally adjusted 9.5 percent. The jobless rate for adult males rose to a new high of 8.7 percent and total employment fell 0.4 percent in June after rising 0.8 percent in May. Furthermore, industrial production fell a seasonally adjusted 0.7 percent in June, increasing the likelihood that unemployment will rise further in the months ahead. Operating rates for several industries are currently at their lowest points on record. Finally, retail sales declined a seasonally adjusted 1.5 percent in June after rising a strong 2.7 percent in May. June's drop in part reflected a slump in domestic auto sales.

The reduction in production and employment are a result of continued inventory liquidation, which has yet to run its course. Furthermore, if auto sales continue at the June and early July rates, unwanted inventories for the auto industry will increase and production plans will have to be cut back drastically from already conservative levels.

Several other economic indicators have suggested that nationwide the recession is ending. In particular, the preliminary estimate of real GNP — the total value of output of goods and services adjusted for inflation — showed an annual growth rate of 1.7 percent in the April-June quarter after two consecutive quarterly declines.

Furthermore, the Commerce Department's composite index of leading indicators, which generally turns up two to three months before the start of a recovery, rose both in April and May at revised rates of 1.4 percent and 0.9 percent, respectively. However, in June, this index was unchanged from May's level. This leveling off is consistent with other economic indicators that showed activity weakening somewhat in June after strengthening in May and provides yet another sign that the economic recovery is likely to be less than robust this year.

Whether June represents a fluke and a mild recovery is on its way will be determined in the months ahead.

– Norma Gavin Pappas

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
June 1981	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.6
May	287.1	139.4
June	290.6	138.4

Sources: Consumers' prices U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Around the State

The economies of Pennsylvania's major metropolitan areas were generally down second quarter from first quarter. The major steel centers were hurt the worst while most metropolitan areas in the Southeastern quarter of the Commonwealth were weathering the recession well. In fact, Reading's economy may have begun to recover.

Southeastern Quarter

Harrisburg

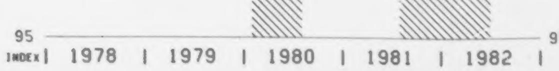
Among the metropolitan areas of Pennsylvania, the Harrisburg area has incurred the least amount of damage in the current recession. However, last quarter, signs of recession damage were clearly evident.

The manufacturing sector in Harrisburg took a moderate dive. The seasonally adjusted index of factory jobs was down to 101 in the second quarter from 103 in the first quarter and 106 in second quarter 1981. In addition, hours worked by production workers declined in industries producing durable and nondurable goods. The index for average weekly hours in all manufacturing industries fell to 97, its lowest level since September 1976. This was down from 98 a quarter earlier and 102 second quarter a year earlier. Finally, industrial electric power sales declined to 91 in the second quarter from 96 in the first quarter and 107 in second quarter 1981.

At the same time, Harrisburg's nonmanufacturing sector held its own. Although the index for nonmanufacturing jobs was down slightly in the second quarter from a quarter earlier after seasonal adjustment, it was up slightly from the figure for second quarter a year ago. Furthermore, total nonagricultural industry jobs matched those of a year earlier. Thus, the job level in Harrisburg's industries remains at its highest level ever.

In addition, total employment of residents in the area increased in the second quarter from the first quarter, matching the figure from a year ago, and unemployment declined between first and second quarters. These gains were made despite an increase in the size of the civilian labor force.

HARRISBURG AREA INDUSTRY JOBS



HARRISBURG AREA[1]

	Ave. mo. value 2 Q. '82	Average monthly index seas. adj. (1977 = 100) 2 Q. '82	1 Q. '82	2 Q. '81
Employment (in thousands)				
Employed, no. of residents	223.0	113	112	113
Unemployed, no. of residents	14.1	120	139	117
Civilian labor force, no. in	236.5	114	113	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	226.5	108	109	108
Nonmfg. only, no. jobs in	186.0	110	111	109
Mfg. only, no. jobs in	40.5	101	103	106
Hrs. worked by production workers in mfg., ave. weekly	38.5	97	98	102
Industrial electric power sales	***	91	96	107
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.6	***	***	***
Nonresidential bldg. contracts only	3.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 2.2	***	***	***
From same quarter, previous year	+ 23.9	***	***	***

[1]Cumberland, Dauphin and Perry Counties

Thus, although the effects of the national recession were felt in the Harrisburg area last quarter, its economy is strong and should come out of the recession with only minor damage.

Lancaster

Although Lancaster's economy showed further signs of recession damage in the second quarter, it is still quite strong and should recover as quickly and completely from this recession as it has from past recessions.

The number of manufacturing jobs in Lancaster was at their lowest level since second quarter 1977. The seasonally adjusted index for this indicator dropped to 98 in the second quarter from 102 in the first quarter and 104 in second quarter 1981.

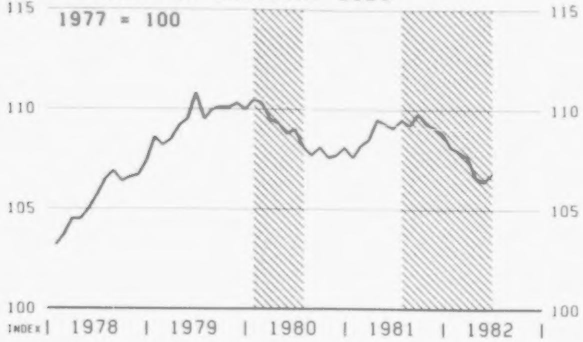
However, average weekly hours for production workers in manufacturing industries increased slightly in the second quarter. The increase came from manufacturers of durable goods. Because changes in this measure usually precede changes in employment, this uptick could be indicating that a turnaround in the recession for this area is close at hand.

At the same time, the level of nonmanufacturing jobs in Lancaster was unchanged after seasonal adjustment from the previous quarter and from second quarter a year ago. However, due to the drop in manufacturing jobs, the seasonally adjusted index for total nonagricultural industry jobs declined to 107 from first quarter's 108.

Furthermore, total employment increased while unemployment declined between first and second quarters this year. The seasonally adjusted index for the civilian labor force peaked in April at 113.2, but second quarter's average was unchanged from that of first quarter.

Among the economies of Pennsylvania's metropolitan areas, Lancaster's economy is weathering this recession better than all but that of Harrisburg when measured by the ratio of the unemployed to the total civilian labor force. The average monthly seasonally adjusted unemployment rate for Lancaster in the first half of 1982 was 7.6 percent. Thus, the area is in a good position for expansion when the recovery comes.

LANCASTER AREA INDUSTRY JOBS



LANCASTER AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	172.0	110	109	111
Unemployed, no. of residents	13.1	163	176	118
Civilian labor force, no. in	185.0	112	112	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	152.1	107	108	109
Nonmfg. only, no. jobs in	95.9	112	112	112
Mfg. only, no. jobs in	56.2	98	102	104
Hrs. worked by production workers in mfg., ave. weekly	38.4	97	96	100
Industrial electric power sales	***	99	101	104
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.6	***	***	***
Nonresidential bldg. contracts only	7.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 3.3	***	***	***
From same quarter, previous year	+ 16.4	***	***	***

[1] Lancaster County

Philadelphia

Philadelphia's economy continued to decline moderately in the April-June quarter. The number of total industry jobs increased in the second quarter, but not as much as is usual for this time of year. The seasonally adjusted index for this measure was at its lowest level since May 1978.

The increase in jobs came solely from the nonmanufacturing sector. However, even this increase was less than seasonally expected. Thus, the index fell to 107 in the second quarter from 108 in the first quarter.

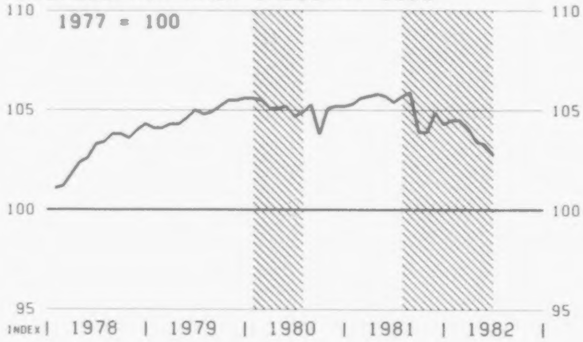
The number of factory jobs declined between first and second quarter. The total number of manufacturing jobs now stands at its lowest level in our records, which date back to 1949. The seasonally adjusted index for manufacturing jobs fell to 91 last quarter from 93 a quarter earlier and 97 second quarter a year earlier.

Finally, industrial electric power sales show general industrial activity to be at its lowest level since June 1975. This index, which has been adjusted for usual seasonal variation, declined to 94 in the second quarter from 97 in the previous quarter.

Despite these weaknesses, the area's labor market strengthened somewhat in the second quarter. Although the civilian labor force increased slightly between first and second quarters, unemployment declined. Philadelphia began the second quarter with a seasonally adjusted unemployment rate over nine percent, but by June, it had fallen to 7.8 percent — only one-tenth of a percentage point less than that of June 1981.

If Philadelphia's economy turns around in the current quarter, this recession's effects will be less than that of 1973-75 in terms of total jobs lost and total unemployment. During the earlier recession, 82,000-85,000 jobs were lost in the area. These jobs were not fully regained until September 1977. In the current recession, only about 50,000 jobs have been lost so far. Furthermore, unemployment appears to have peaked in April at a seasonally adjusted rate of 9.2 percent. It

PHILADELPHIA AREA INDUSTRY JOBS



PHILADELPHIA AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	1,985.2	106	105	108
Unemployed, no. of residents	184.5	106	111	90
Civilian labor force, no. in	2,169.6	106	105	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	1,897.1	103	104	106
Nonmfg. only, no. jobs in	1,490.7	107	108	109
Mfg. only, no. jobs in	405.7	91	93	97
Hrs. worked by production workers in mfg., ave. weekly	n.a.	n.a.	99	101
Industrial electric power sales				
Metropolitan area	***	94	97	99
Chester	***	97	98	98
Philadelphia	***	96	99	98
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	50.5	***	***	***
Nonresidential bldg. contracts only	56.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.3	***	***	***
From same quarter, previous year	+ 28.0	***	***	***

[1] Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

had reached 10.8 percent in the Philadelphia area three months following the end of the 1973-75 national recession.

Philadelphia's strength in this recession stems from the increasing diversification of its economy. It should be in a good position for expansion when the current national recession ends.

Reading

From appearances, Reading's economy may have turned around last quarter and, therefore, leads the economies of Pennsylvania's metropolitan areas in recovery from the recession. The area's resourcefulness in this "manufacturing" recession is seen despite an extremely large manufacturing sector. In 1981, 38.2 percent of all jobs in the Reading area were in manufacturing industries. This compares to 27.4 percent for the state as a whole. However, Reading's manufacturing sector is highly diversified. The area's factories produce a myriad of products from electric and electronic machinery to food and kindred products, from primary metal products to apparel and other textiles.

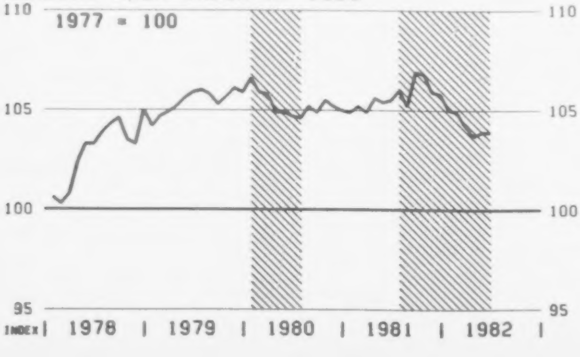
Reading was the only metropolitan area in Pennsylvania in which the number of manufacturing jobs increased between first and second quarters. Increases in May and June came after seven consecutive months of declines. The seasonally adjusted index stood at 102 last quarter, up from 101 the previous quarter but down from 104 second quarter a year earlier. At the same time, average weekly hours worked by production workers in manufacturing industries were unchanged last quarter from a quarter earlier.

The number of nonmanufacturing jobs in the area also increased, but the increase was less than usual for the time of year. Therefore, the seasonally adjusted index declined for the second consecutive quarter. It stood at 105 in the second quarter, down from 107 in the first quarter but up from 106 in second quarter 1981.

Finally, industrial electric power sales also showed industrial activity to have picked up momentum last quarter. The seasonally adjusted index for the second quarter increased to 110 from 102 in the first quarter.

Total employment increased and unemployment decreased between first and second quarters in Reading, despite an increase in the area's civilian labor force. The seasonally adjusted index for employment increased to 107 in the second quarter from 106 in the first quarter but is still considerably less than the record high of 110 reached in third quarter 1981. Nevertheless, it took only two months for Reading's employment level to reach and exceed its previous high after the 1980 national recession ended.

READING AREA INDUSTRY JOBS



READING AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	143.4	107	106	108
Unemployed, no. of residents	15.3	165	176	143
Civilian labor force, no. in	158.7	111	110	110
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	136.7	104	105	105
Nonmfg. only, no. jobs in	85.5	105	107	106
Mfg. only, no. jobs in	51.2	102	101	104
Hrs. worked by production workers in mfg., ave. weekly	38.3	98	98	102
Industrial electric power sales	***	110	102	116
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.7	***	***	***
Nonresidential bldg. contracts only	3.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 6.1	***	***	***
From same quarter, previous year	+ 12.9	***	***	***

[1]Berks County

York

The current recession took a toil on the York area economy last quarter. Most economic indicators for the area continued to fall throughout the second quarter.

The number of manufacturing jobs in York dropped steeply to its lowest level since March 1977. The seasonally adjusted index for this indicator was down to 103 in the second quarter from 107 in the first quarter and 109 in second quarter a year ago.

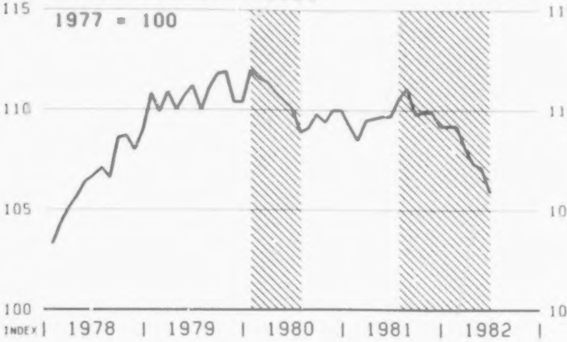
Furthermore, the decline in manufacturing jobs was not fully countered by an increase in the nonmanufacturing sector. Although there was an increase in nonmanufacturing jobs between the first and second quarters, it was no more than the usual seasonal increase. Therefore, the index for nonmanufacturing jobs remained unchanged at 110 last quarter, and that for total nonagricultural jobs dropped to 107 — its lowest level since April 1978.

Other indicators, average weekly hours worked by production workers in York's factories and industrial electric power sales in the area, were also down in the second quarter from first quarter's levels. The seasonally adjusted index for factory hours fell to 96 in the second quarter from 98 in the first quarter and 100 in the second quarter 1981. The index for power sales was at 90 — its lowest level since October 1975.

Both employment and unemployment increased in the second quarter as the labor force was at its highest quarterly level in history. Unemployment was also at its highest post-World War II level. Furthermore, the increase in employment was less than satisfying; total employment was still well below its level a year ago.

In the severe recession of 1973-75, the York area faired the least well among Pennsylvania's Standard Metropolitan Statistical Areas in terms of the percentage of total jobs lost. However, in the current recession, it has held up pretty well, ranking as the tenth worst hit area by this measure. But, to keep this ranking, the area's economy will have to improve upon last quarter's performance in the months ahead.

YORK AREA INDUSTRY JOBS



YORK AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	161.9	110	109	112
Unemployed, no. of residents	19.4	201	173	140
Civilian labor force, no. in	181.4	116	114	114
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	152.2	107	109	110
Nonmfg. only, no. jobs in	91.1	110	110	110
Mfg. only, no. jobs in	61.1	103	107	109
Hrs. worked by production workers in mfg., ave. weekly	39.4	96	98	100
Industrial electric power sales	***	90	94	105
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.1	***	***	***
Nonresidential bldg. contracts only	2.8	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.1	***	***	***
From same quarter, previous year	+ 51.8	***	***	***

[1] Adams and York counties

Northeastern Quarter

Allentown-Bethlehem-Easton

The Allentown-Bethlehem-Easton area was still showing the effects of the recession in the second quarter. Nevertheless, economic activity was picking up toward the end of the quarter, giving credence to a possible turnaround in the area's economy.

Both employment and unemployment increased in the second quarter from first quarter's levels as the size of the civilian labor force increased. However, both employment and unemployment declined between May and June.

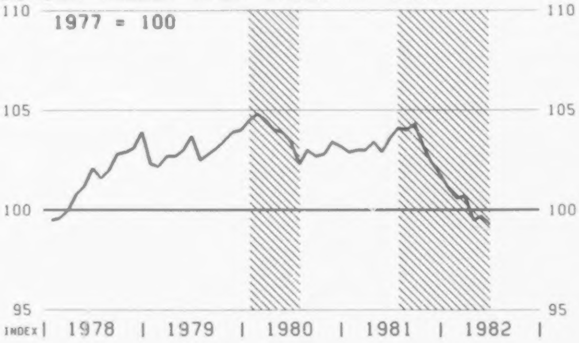
Most, if not all, of the strength at the end of the quarter was in the nonmanufacturing sector. The total number of nonmanufacturing jobs increased in the second quarter, but the increase was less than normal for the season. Therefore, the seasonally adjusted index fell slightly to 106 from 107 a quarter earlier. But, the index was back up to 107 in June.

No such pickup was seen in the level of factory jobs. The seasonally adjusted index for manufacturing jobs in the Lehigh Valley area declined to 90 in the second quarter from 92 in the first quarter and 97 in second quarter a year ago. This index has not been so low since second quarter 1964. In June, it stood at 89, down from 90 in May.

Furthermore, average weekly hours worked by production workers in manufacturing industries declined for both durable and nondurable goods in the second quarter. But, the index for this indicator increased to 99 in June from 97 in May. Increases in average weekly hours usually precede increases in employment.

Finally, industrial electric power sales also indicated a sluggish economy in the second quarter for the Lehigh area: sales declined in both Bethlehem and Easton and increased only slightly in Allentown after seasonal adjustment. But, again June's figure of 105 for the metropolitan area was up from May's figure of 98.

LEHIGH VALLEY AREA INDUSTRY JOBS



LEHIGH VALLEY AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	278.3	102	101	106
Unemployed, no. of residents	30.2	158	153	124
Civilian labor force, no. in	308.5	106	105	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	256.3	100	101	103
Nonmfg. only, no. jobs in	159.2	106	107	108
Mfg. only, no. jobs in	97.2	90	92	97
Hrs. worked by production workers in mfg., ave. weekly	37.5	99	101	102
Industrial electric power sales.				
Metropolitan area	***	102	105	108
Allentown	***	96	95	98
Bethlehem	***	105	110	113
Easton	***	108	114	112
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	8.9	***	***	***
Nonresidential bldg. contracts only	9.9	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.8	***	***	***
From same quarter, previous year	+ 29.4	***	***	***

[1] Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.

If June's figures do indicate a turnaround in the recession for this area, then it has been only moderately affected by the recession compared to other areas in the Commonwealth.

Northeast Area

Although the Northeast metropolitan area is weathering this recession better than it did the 1973-75 recession and better than some other metropolitan areas in Pennsylvania, considerable damage has been incurred in its economy. The level of factory jobs continued to decline last quarter, and the number of nonmanufacturing jobs in the three-county area fell after having maintained a record level since third quarter 1978.

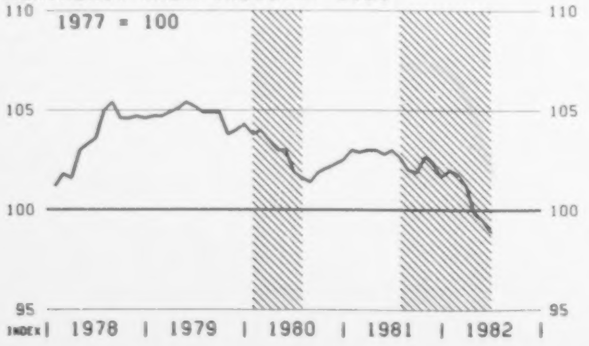
Last quarter's decline in the seasonally adjusted index for total nonagricultural industry jobs in the Northeast area was its fourth consecutive quarterly decline. Both manufacturing and nonmanufacturing industries contributed to the decline. The seasonally adjusted index for manufacturing jobs at 91 in the second quarter hit a new low. This index was down from 94 in the first quarter and 97 in second quarter 1981. Nonmanufacturing jobs also weakened last quarter. The seasonally adjusted index for this measure fell to 103 from 105 the previous quarter.

Total employment was unchanged in all three counties composing the Northeast metropolitan area. However, because the civilian labor force increased slightly in Lackawanna County, its seasonally adjusted index for unemployment increased in the second quarter from the first quarter. April's figure was the highest on record. On the other hand, unemployment decreased slightly between first and second quarters in Luzerne County as its civilian labor force shrank slightly. Nevertheless, unemployment remains at an undesirably high level in the county.

Other indicators of the economy's health, average weekly hours worked by production workers and industrial electric power sales, also declined between the first and second quarters. However, both of these measures were up from second quarter a year ago.

Thus, the area's economy is maintaining a fair level of activity. But, if consumer demand for the area's products, which include apparel and other finished products and electrical and electronic machinery, does not pick up soon, residents can expect further cutbacks in the months to come. At any rate, because of its industry mix, the outlook for the Northeast is better than that of many other metropolitan areas in Pennsylvania.

NORTHEAST AREA INDUSTRY JOBS



NORTHEAST AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents:				
Northeast metropolitan area	253.9	103	103	106
Lackawanna County only (Scranton)	90.4	100	100	102
Luzerne County only (Wilkes-Barre/Hazleton)	136.0	102	102	105
Unemployed, no. of residents:				
Northeast metropolitan area	29.6	125	121	115
Lackawanna County only (Scranton)	10.5	125	116	111
Luzerne County only (Wilkes-Barre/Hazleton)	16.2	122	123	112
Civilian labor force, no.:				
Northeast metropolitan area	283.5	105	105	106
Lackawanna County only (Scranton)	100.8	102	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	152.2	104	105	106
Local industries, Northeast metropolitan area (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	233.6	99	102	103
Nonmfg. only, no. jobs in	168.6	103	105	105
Mfg. only, no. jobs in	64.9	91	94	97
Hrs. worked by production workers in mfg., ave. weekly ...	36.6	102	103	101
Industrial electric power sales:				
Northeast metropolitan area	***	98	100	96
Lackawanna County only (Scranton)	***	96	98	96
Luzerne County only (Wilkes-Barre/Hazleton)	***	95	97	91
Hazleton	***	90	93	83
Wilkes-Barre	***	92	90	93
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	6.8	***	***	***
Nonresidential bldg. contracts only	3.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 3.4	***	***	***
From same quarter, previous year	+ 12.6	***	***	***

[1] Lackawanna, Luzerne and Monroe counties

Williamsport

Further recession damage was evident in the Williamsport area last quarter, which only compounds the severe damage incurred in the area's manufacturing sector during fourth quarter 1979 and the first half of 1980. However, although the quarterly averages for many economic indicators in the area were down in the second quarter from first quarter, most of them turned up slightly in June.

The level of total nonagricultural jobs fell last quarter after having remained steady since third quarter 1980. Both the manufacturing and nonmanufacturing sectors contributed to the drop. The seasonally adjusted index for manufacturing jobs fell to 88 in the second quarter from 91 in the first quarter. However, June's figure was slightly up from May's low. In addition, although there was an increase in nonmanufacturing jobs between the first and second quarters, the increase was no more than the usual seasonal increase.

Average weekly hours worked by production workers in manufacturing industries showed a lower average quarterly value for the second quarter than for the first quarter. However, this measure, which is a leading indicator, has been gaining slowly since March.

Further good news came from employment data for Williamsport. These data show total employment to have increased and unemployment to have decreased in the second quarter while the number of persons in the civilian labor force remained unchanged from the previous quarter. Although both unemployment and the size of the labor force were down from highs a year ago, unemployment is still at a critical level. The unemployment rate for the area has been in double digits since third quarter 1979. In the first half of this year, the average monthly seasonally adjusted unemployment rate was 12.2 percent — the fourth worst rate among Pennsylvania's metropolitan areas and 1.8 percentage points above the state's average.

WILLIAMSPORT AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	46.4	102	101	103
Unemployed, no. of residents	6.0	139	142	157
Civilian labor force, no. in	52.4	105	105	108
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	45.6	98	100	100
Nonmfg. only, no. jobs in	29.9	106	106	108
Mfg. only, no. jobs in	15.7	88	91	90
Hrs. worked by production workers in mfg., ave. weekly	39.1	101	102	102
Industrial electric power sales	***	93	96	99
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.4	***	***	***
Nonresidential bldg. contracts only	0.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 1.7	***	***	***
From same quarter, previous year	+ 15.9	***	***	***

[1] Lycoming County

Northwestern Quarter

Erie

Erie's economy felt the full force of the recession in the second quarter. Both the number of factory jobs and average weekly hours worked by production workers in manufacturing declined. Furthermore, a less than seasonal increase occurred in the area's nonmanufacturing industries.

The seasonally adjusted index for manufacturing jobs fell to 92 in the second quarter, the lowest level since the General Electric Co. strike in late 1969 and early 1970. At the same time, the index for nonmanufacturing jobs took a plunge to 98 from 102 in the first quarter and 104 in second quarter a year earlier. These declines brought the index for total nonagricultural industry jobs down to 96, its lowest level in a decade.

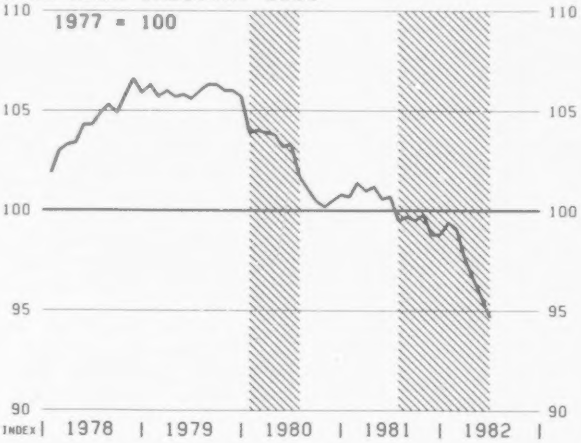
Average weekly factory hours fell to 37.9 hours in June, the lowest level on our records. The seasonally adjusted index declined to 95 in the second quarter from 98 in the first quarter and 100 in second quarter 1981.

Industrial electric power sales also contributed to the generally dismal picture of economic conditions in Erie. The seasonally adjusted index for this series was at its lowest level in fourteen years.

Total employment fell and unemployment increased after seasonal adjustment as the labor force remained unchanged between first and second quarters this year. Erie's average monthly seasonally adjusted unemployment rate for the first half of the year at 11.6 percent is worse than the 10.4 percent average in the state. Nevertheless, it is lower than those for several other metropolitan areas in Pennsylvania.

The major products of Erie county are transportation equipment, machinery, and other fabricated metal products. National trends in these industries greatly affect Erie's economic health. Currently, demand for these products is very weak nationally. Therefore, until the recession improves nationwide, Erie will have a gloomy outlook.

ERIE AREA INDUSTRY JOBS



ERIE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	109.0	99	100	103
Unemployed, no. of residents	14.1	161	155	144
Civilian labor force, no. in	123.1	104	104	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	106.6	96	99	101
Nonmfg. only, no. jobs in	67.3	98	102	104
Mfg. only, no. jobs in	39.2	92	95	96
Hrs. worked by production workers in mfg., ave. weekly	38.9	95	98	100
Industrial electric power sales	***	82	83	106
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.2	***	***	***
Nonresidential bldg. contracts only	2.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 9.0	***	***	***
From same quarter, previous year	+ 8.4	***	***	***

[1] Erie County

Sharon

Among Pennsylvania's metropolitan areas, the Sharon area has been hurt the most in the current recession when measured by the percentage of total nonagricultural jobs lost since July 1981. In addition, Sharon's seasonally adjusted unemployment rate in the first half of 1982 at 15.4 percent is surpassed only by Johnstown's rate of 15.6 percent.

By the end of the second quarter, the seasonally adjusted index for total nonagricultural jobs had reached its lowest level since May 1976. Approximately 900 more jobs were lost in the manufacturing sector during the second quarter. Furthermore, most of these job losses are permanent, coming from plant closings rather than from temporary layoffs.

In addition, although the number of nonmanufacturing jobs increased in the second quarter, the increase was less than seasonal. The seasonally adjusted index for nonmanufacturing jobs declined to 102 from 105 in the first quarter where it had also stood second quarter a year earlier.

Another indication of the curtailment in industrial activity in Sharon is the sharp decline in industrial electric power sales. The index for this indicator fell to 89 in the second quarter from 97 in the first quarter and 117 in second quarter a year earlier.

In June, total employment in the Sharon area was at its lowest level since March 1977. Unemployment soared in April as the civilian labor force grew and employment declined slightly. But, it came down somewhat in June when there was a sharp drop in the labor force.

Sharon's recovery from the recession when it comes will be slow and painstaking. Local businessmen and community leaders will have to attract new businesses unless demand for the area's products pick up, which is unlikely in the near future. Meanwhile, more plant closings are planned.

SHARON AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	48.1	100	102	106
Unemployed, no. of residents	8.5	231	209	109
Civilian labor force, no. in	56.5	110	110	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	44.2	97	101	104
Nonmfg. only, no. jobs in	30.1	102	105	105
Mfg. only, no. jobs in	14.1	86	92	101
Industrial electric power sales	***	89	97	117
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	1.1	***	***	***
Nonresidential bldg. contracts only	2.9	***	***	***

[1] Mercer County

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Southwestern Quarter

Altoona

Economic activity in the Altoona area has leveled off, and signs of a coming upturn are evident.

The size of Altoona's civilian labor force remained unchanged in the second quarter from first quarter's level, allowing gains made in employment to be accompanied by a decline in unemployment. The seasonally adjusted index for employment increased to 99 in the second quarter from 96 in the previous quarter, and the index for unemployment declined to 162 from 186. However, despite these improvements, unemployment in the area is still at an extremely high level.

Altoona's nonagricultural industry job level was also steady in the second quarter, remaining at about the same low point reached at the end of the 1973-75 recession. The usual seasonal increases in both manufacturing and nonmanufacturing jobs were experienced, but no improvement from the previous quarter's level occurred.

A possible hint of better economic conditions in the current quarter came from average weekly hours worked by production workers, which increased last quarter in both durable and nondurable manufacturing industries. The use of checking accounts was also up considerably in the second quarter from the previous quarter, suggesting a fair pace of general business activity.

Only industrial electric power sales showed a decline in the second quarter from the first quarter. The seasonally adjusted index for this indicator stood at 86 last quarter, down from 91 the quarter earlier.

ALTOONA AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	51.0	99	96	101
Unemployed, no. of residents	6.0	162	186	166
Civilian labor force, no. in	57.0	103	103	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	49.3	95	95	99
Nonmfg. only, no. jobs in	37.0	96	96	99
Mfg. only, no. jobs in	12.2	93	93	98
Hrs. worked by production workers in mfg., ave. weekly	39.4	103	102	102
Industrial electric power sales	***	86	91	88
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	3.3	***	***	***
Nonresidential bldg. contracts only	0.6	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+12.7	***	***	***
From same quarter, previous year	+48.3	***	***	***

[1] Blair County

Although Altoona's economy is weathering the latter part of this recession well, the few signs of improvement noted in the second quarter will have to become much stronger in the months to come for a marked recovery.

Johnstown

There was only more bad news for the Johnstown area last quarter. The number of jobs in both manufacturing and nonmanufacturing industries plummeted while unemployment rose.

The seasonally adjusted index for manufacturing jobs in the Johnstown area hit a new low. The index stood at 71, down from 73 first quarter and 82 second quarter a year earlier. The seasonally adjusted index for nonmanufacturing jobs also declined. In the second quarter, this index was 95, down from 98 a quarter earlier but up from 94 second quarter 1981 at which time the economy was feeling the effects of a coal strike. Similarly, the index for total industry jobs was down to 88 from 92 a quarter earlier but up from 90 second quarter a year earlier.

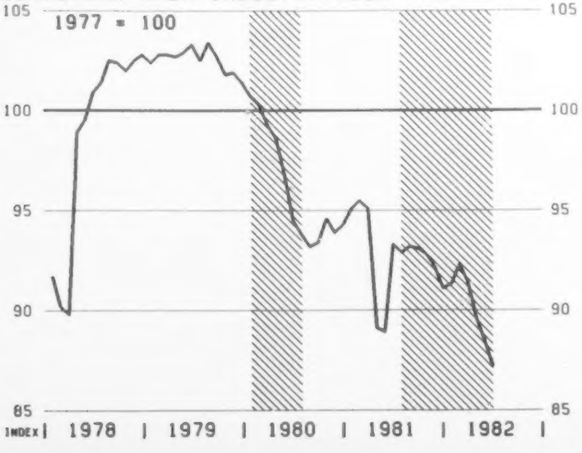
As a result of these job losses, Johnstown's chronic unemployment problem worsened in the second quarter. May's level of unemployment in the area was superseded only once and that was in August 1977 after July's devastating flood. For the first half of 1982, Johnstown registered a seasonally adjusted average monthly unemployment rate of 15.6 percent — the highest rate among Pennsylvania's metropolitan areas.

At the same time, total employment pretty much maintained its first quarter level, dropping only slightly, and the civilian labor force was, for the most part, unchanged in the second quarter from the first quarter. Both of these measures have been gradually declining since the beginning of the 1980 recession.

Finally, declines in industrial electric power sales and bank debits from a quarter earlier indicate a continuing contraction in general economic activity in the area.

Prospects are not good for the future of Johnstown's economy. Many of the jobs lost are permanent losses. Therefore, for Johnstown's economy to expand, local businessmen and community leaders must attract new businesses and diversify the economy, which has been dominated in the past by the coal and steel industries.

JOHNSTOWN AREA INDUSTRY JOBS



JOHNSTOWN AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	89.0	92	92	96
Unemployed, no. of residents	15.5	161	149	146
Civilian labor force, no. in	104.5	98	98	101
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	78.9	88	92	90
Nonmfg. only, no. jobs in	63.8	95	98	94
Mfg. only, no. jobs in	15.0	71	73	82
Hrs. worked by production workers in mfg., ave. weekly	35.9	92	92	98
Industrial electric power sales	***	121	125	93
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	3.7	***	***	***
Nonresidential bldg. contracts only	1.3	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 5.7	***	***	***
From same quarter, previous year	+ 28.7	***	***	***

[1] Cambria and Somerset counties

Pittsburgh

The performance of Pittsburgh's economy in the second quarter shows that it is still very much affected by the fortunes of the steel industry, which has been in a severe slump.

Manufacturing jobs hit a new low last quarter. June's figure was almost half the level that prevailed in 1953. Furthermore, production workers still on the job in the area's factories are working less. Average weekly hours for production workers in manufacturing industries were down in June to the very low level experienced at the end of the 1980 recession.

The decline in manufacturing jobs in the post-World War II era has been countered by a growth in nonmanufacturing jobs. However, the level of nonmanufacturing jobs stabilized in fourth quarter 1978, and, since fourth quarter 1981, it has been declining. Between first and second quarters this year, the number of nonmanufacturing jobs increased, but at a less than seasonal rate. The seasonally adjusted index for this series fell to its lowest level since March 1978.

Thus, together the manufacturing and nonmanufacturing sectors brought the seasonally adjusted index for total industry jobs in the Pittsburgh area down to its lowest level since December 1972.

Industrial electric power sales also plummeted in the second quarter from the previous quarter. In June, sales of electricity to industries in the Pittsburgh metropolitan area were at their lowest level since December 1965.

Total employment in the Pittsburgh area increased, but less than seasonally expected. In June, the index for this indicator hit its lowest level since July 1977. Because of continued layoffs in the steel industry and a more than seasonal increase in the civilian labor force, unemployment soared in the second quarter. The seasonally adjusted unemployment rate reached a post-World War II peak of 12.2 percent in May.

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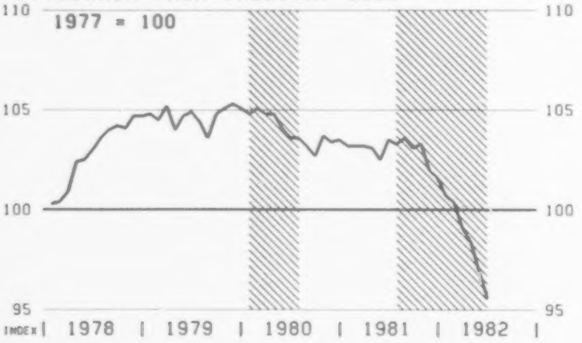
In summary, Pittsburgh has been hit hard in this recession and recovery will be slow. But, because of the size of the nonmanufacturing sector, the area's economy has held up much better than it would have had if the market for steel had weakened a few years earlier.

PITTSBURGH AREA INDUSTRY JOBS



PITTSBURGH AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	910.9	101	102	106
Unemployed, no. of residents	113.2	190	155	121
Civilian labor force, no. in	1,024.1	107	106	107
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	896.6	97	100	103
Nonmfg. only, no. jobs in	693.3	104	106	106
Mfg. only, no. jobs in	199.2	80	86	96
Hrs. worked by production				
workers in mfg., ave. weekly	37.8	93	96	100
Industrial electric power sales	***	72	89	106
Construction contracts awarded,				
(in millions of dollars):				
Residential contracts only	31.1	***	***	***
Nonresidential bldg. contracts only	52.9	***	***	***
Bank debits, percentage change				
in dollar volume of seas. adj.:				
From previous quarter	− 2.6	***	***	***
From same quarter, previous year	+ 17.8	***	***	***

[1] Allegheny, Beaver, Washington and Westmoreland counties

State College

The State College area economy, which had been weathering the current recession well, turned down in the second quarter of this year. The economy had been on a steady trend of no growth and no contraction since 1979.

Job losses were incurred in both the manufacturing and nonmanufacturing sectors after seasonal adjustment. The seasonally adjusted index for total nonagricultural jobs declined to 106 in the second quarter from 108 in the first quarter but matched the figure for second quarter 1981. At the same time, manufacturing jobs were down to 108 in the second quarter from 111 in the first quarter but was up from 101 in the second quarter a year earlier. The lower figures for manufacturing and total nonagricultural jobs in second quarter 1981 reflected the effects of a strike at the area's largest manufacturing plant. The index for nonmanufacturing jobs stood at 106 in second quarter 1982, down from 107 a quarter earlier and 108 second quarter a year ago.

Industrial electric power sales were also down in the second quarter from first quarter's level. The seasonally adjusted index for this indicator was down to 92 from 94 a quarter earlier. The year earlier figure was lower due to the strike.

Both employment and unemployment increased in the second quarter, after accounting for usual seasonal variation as the size of the civilian labor force increased. The average monthly unemployment rate in the first half of the year increased to a seasonally adjusted 7.8 percent from 6.8 percent in 1981. Nevertheless, it is still well below the 10.4 percent unemployment rate experienced in the state as a whole during the same period.

Thus, although the economy in Centre County declined in the second quarter, the recession's effect on the area is still mild relative to its effect on other metropolitan areas in the Commonwealth.

STATE COLLEGE AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	43.3	110	109	111
Unemployed, no. of residents	3.5	161	160	147
Civilian labor force, no. in	46.7	113	112	113
Local industries (in thousands)				
Nonagricultural ind., no. of				
wage & salaried jobs in all	43.6	106	108	106
Nonmfg. only, no. jobs in	36.7	106	107	108
Mfg. only, no. jobs in	6.9	108	111	101
Industrial electric power sales	***	92	94	90
Construction contracts awarded,				
(in millions of dollars):				
Residential contracts only	2.1	***	***	***
Nonresidential bldg. contracts only	1.1	***	***	***

[1] Centre County

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State's Economy Plunges Further

July was another bad month for Pennsylvania's economy. The number of manufacturing jobs continued to plummet after remaining essentially unchanged in June from May's level. At the same time, the number of nonmanufacturing jobs continued its gradual decline, which began last February.

The job level in manufacturing industries stood at 1.149 million jobs in July, down from 1.187 million jobs in June and only slightly above the figure of 1.123 million jobs for February 1946 during that year's crippling steel strike. This was the only other time in the last four decades that it has been so low.

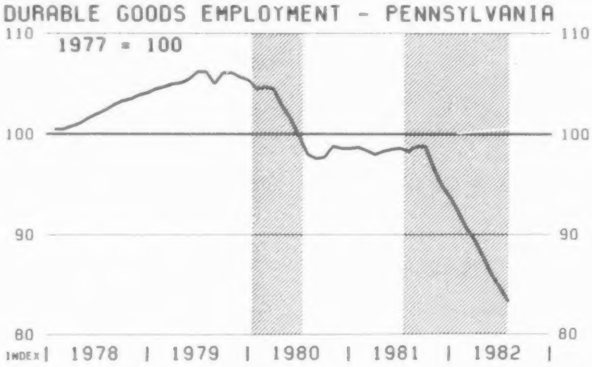
Job losses were experienced in both the durable and nondurable goods-producing sectors. However, July was the first month since last September that the losses were relatively greater in factories producing nondurable goods. Furthermore, July's decrease followed two months of small job gains in this sector.

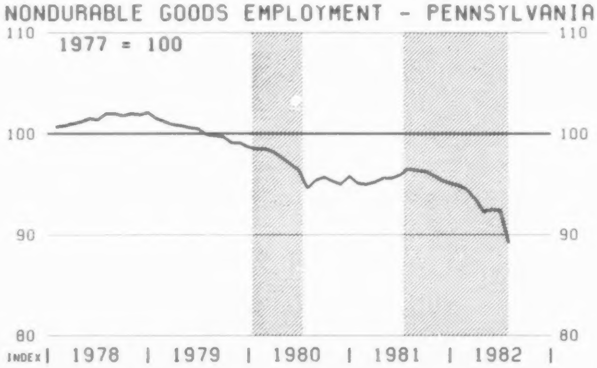
Between September and April, there was an average monthly drop of 13,000 jobs in durable goods industries while nondurable goods industries experienced declines averaging 3,800 jobs a month. In May and June, the durable goods sector lost another 19,600 jobs while the nondurable goods sector offset previous cuts somewhat with an addition of 5,300 jobs. Although July was still rough for durable goods industries — 14,300 more jobs were cut — approximately 23,300 jobs were lost in the nondurable goods sector, more than doubling the total (net) number of jobs lost in the sector since the beginning of the recession.

These job losses brought the seasonally adjusted index for manufacturing jobs down to another new low. It was 85.7 (1977= 100) in July, down from 87.6 in June and 97.7 a year ago. The index for a related measure — total person-hours worked by production workers in Pennsylvania's factories — also fell to a new low. It was 77.7 in July, down from 80.5 in June and 94.7 a year ago. Each month since October 1981, these two indexes have fallen, breaking the previous months' record low levels. Furthermore, the seasonally adjusted index for total weekly payrolls in manufacturing industries declined in July to its lowest level since October 1978.

Finally, after seasonal adjustment, average weekly hours worked by production workers in all manufacturing industries was unchanged in July from June's level. This measure had increased from May to June giving credence to a coming turnaround in the economy. But, July's figures cloud any forecast of the arrival of that turnaround.

No upturn is evident in the steel industry. Steel production in Pennsylvania was down to 764,746 tons, which is only 37 percent of production a year ago. Furthermore, while only 43.8 percent of the nation's steel-producing capability was utilized in July, Pennsylvania utilized even less of its capability. Pennsylvania's share of total national steel production was 13.4 percent in July, down from 13.9 percent in June and 20.2 percent a year ago.





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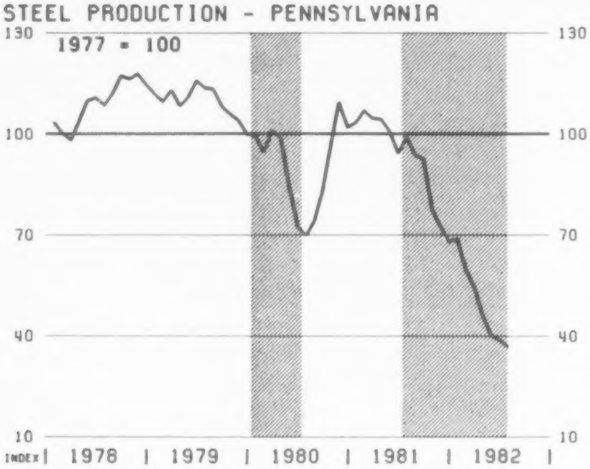
College of Business Administration The Pennsylvania State University **September 1982**



A more than seasonal drop in the number of nonmanufacturing jobs in Pennsylvania was also experienced in July. The job level in these industries was at its lowest level since April 1978. Declines were experienced in the mining and transportation industries, in wholesale and retail trade, and in state and local government. Employment in public utilities, finance and real estate, and service industries was unchanged after seasonal adjustment while slight increases were seen in the number of jobs in the construction industry and the federal government.

Both total employment and unemployment increased in July as the civilian labor force grew by approximately 128,000 persons from a month earlier. The seasonally adjusted index for unemployment superseded July's level of 145.9 only once, which was last April when it stood at 146.1. In addition, July's seasonally adjusted unemployment rate was back up to April's level of 10.7 percent after having fallen slightly in May and June. Finally, initial claims for unemployment compensation remained high, but the surge in claims usually seen in July did not occur.

Other indicators of the economy's health were weak in July but did not show any further slippage. Industrial electric power sales were down in July but not as much as is normal for that time of year. Therefore, the seasonally adjusted index for this measure increased.

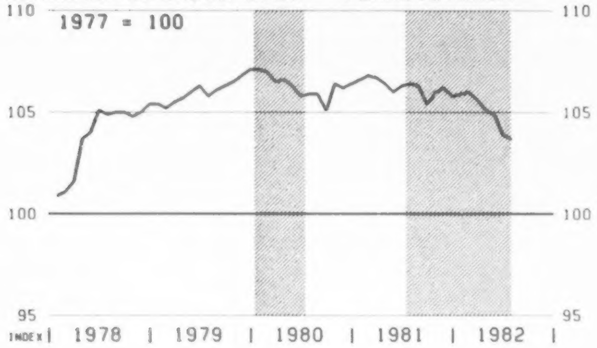
Construction contracts awarded in July were also down from a month earlier in all areas, but the declines were less than seasonally expected in residential building and nonbuilding construction.

ECONOMIC ACTIVITY IN PENNSYLVANIA	1982		1981	Seasonally Adjusted Indexes (1977 = 100.)		
				1982		1981
	June	*July*	*July*	*June*	*July*	*July*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)	4,589	4,504	4,756	98.9*	98.2	103.7
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,401*	3,342	3,439	103.9	103.7	106.4
Manufacturing						
No. of wage and salaried jobs (thous.)	1,187*	1,149	1,311	87.6*	85.7	97.7
Ave. wkly. hrs. worked by prod. workers	38.5	38.3	39.0	97.5	97.5	99.3
Total wkly. person-hours worked (mils.)	31.2*	29.7	36.2	80.5*	77.7	94.7
Total wkly. payroll (mil. dols.)	266.8*	256.3	299.7	118.4*	116.4	136.0
Steel production (thous. tons)	842	765	2,057	39	37	99
Industrial electric power sales (mil. kwh)	3,346	3,202	3,908	90	92	111
Mining						
Anthracite coal (thous. net tons)	543	427	566	107	90	115
Bituminous coal (thous. net tons)	6,209	4,340	6,991	84	76	119
Construction contracts awarded (mil. dols.)						
Total	491.5	395.8	492.9*	132	115	140*
Residential building	173.2	157.4	173.8*	88	90	96*
Other building	196.7	131.9	235.2*	139	99	180*
Nonbuilding (utilities and public works)	121.5	106.6	83.9*	105	157	130*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,894	4,989	5,142	101.5	101.9	105.1
Unemployed						
No. of persons (thous.)	563	596	455	136.9	145.9	111.4
Rate (percentage of labor force)	10.3	10.7	8.1	—	—	—
Rate, seasonally adjusted	10.1	10.7	8.1	—	—	—
Civilian labor force, no. of persons (thous.)	5,457	5,585	5,597	104.2	105.3	105.6
General Business Activity						
Bank debits, percentage change in dol. vol.						
From previous month	+17.0	+ 5.6				
From same month, previous year	+25.0	+17.4				

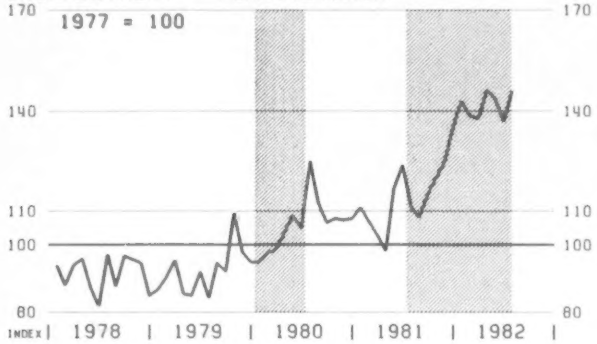
Notes:
* = Figure revised   n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

NONMANUFACTURING JOBS - PENNSYLVANIA



UNEMPLOYMENT - PENNSYLVANIA



The Nation

There are still rumblings that a national recovery from the recession has begun, but improvements in the economy are hard to see. Industrial production continued to decline and unemployment rose to a post-World War II high in July.

The drop in factory output was the eleventh decline in twelve months. Nevertheless, at 0.1 percent, it was the smallest since the recession began and was considerably less than the 0.7 percent declines in May and June.

Employment data for July showed little labor-market strength. While employment was about unchanged in July from June, unemployment increased bringing the jobless rate to a seasonally adjusted 9.8 percent. This is the highest level since the 9.9 percent for all of 1941.

Despite this generally dismal picture, certain factors are getting in place for a mild recovery. For example, factory orders for durable goods increased 3.2 percent in July. These usually show a significant increase prior to a recovery. July's rise, the first since March, may signal improved industrial production and, thus, higher employment in the coming months.

However, much of the strength in the recovery will rest on consumers' and businessmen's confidence that lower inflation and, thus, higher real incomes and profits are here to stay. Consumer prices rose a seasonally adjusted 0.6 percent in July after surges of 1.0 percent in May and June. Most economists expect the monthly inflation rates to continue in the 0.6 percent range the rest of the year.

– Norma Gavin Pappas

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
July 1981	274.4	153.9
Aug.	276.5	153.6
Sept.	279.3	151.6
Oct.	279.9	149.1
Nov.	280.7	146.3
Dec.	281.8	143.4
Jan. 1982	282.5	140.7
Feb.	283.4	142.9
Mar.	283.1	141.7
Apr.	284.3	140.2
May	287.1	139.2
June	290.6	138.2
July	292.2	138.1

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Steel and Service Industries Affect the Comparative Health of Pennsylvania's Metropolitan Economies

The five metropolitan areas in Pennsylvania that have been hurt the most in the current recession, with respect to the percentage of total jobs lost, are the same five areas that were the least affected during the 1973-75 recession. All of these areas — Allentown-Bethlehem-Easton, Erie, Johnstown, Pittsburgh, and Sharon — lost a greater percentage of total nonagricultural jobs between July 1981 and June 1982 than they had between November 1973 and March 1975. They also lost more jobs in the recession that lasted from January 1980 to July 1980 than during the earlier recession, which is considered to have been fairly severe.

In contrast, the other nine metropolitan areas in the state lost fewer jobs in the 1980 recession and have lost fewer so far in the current recession than they did in the 1973-75 recession. Furthermore, even if we consider the period of January 1980 through June 1982 one recession, as some economists contend is true, only three additional areas — Altoona, State College, and Williamsport — lost a greater percentage of total nonagricultural jobs when compared to their job losses in the 1973-75 recession.[1]

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[1] The level of jobs in nonagricultural industries is a lagging indicator; that is, it usually turns down several months after the start of a recession and up several months following the end of a recession. If we look at job losses between the peaks and the troughs of each area's job level rather than the beginning and end months of the recession, the analysis changes little. The most striking difference is that State College and Sharon are among the areas that fair the least well in the 73-75 recession and State College also is among those that fair the least well in the 81-82 recession.

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One hypothesis for the stronger relative positions of these economies today is the growth in the service sector. Jobs in service industries, such as health care and education, are far less sensitive to swings in the business cycle than are jobs in manufacturing industries. Indeed, nearly 60 percent of the growth in employment in Pennsylvania's metropolitan areas between 1972 and 1981 has been in the service sector (chart). At the same time, there has been a decline in the total number of manufacturing jobs in all these areas, except Harrisburg, Lancaster, and State College.

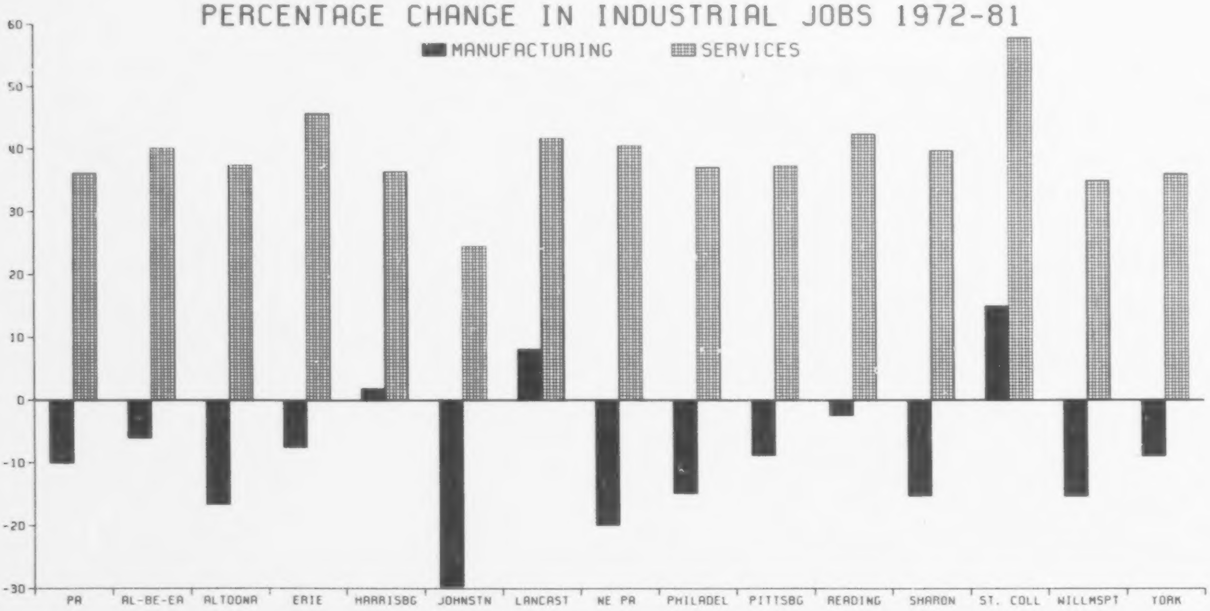
Percentage Change in Total Nonagricultural Jobs

	Nov. 1973 -March 1975	Jan. 1980 -July 1980	July 1981 -June 1982	Jan. 1980 -June 1982
Pennsylvania	−2.5	−2.3	−4.5	−6.9
Allentown-Bethlehem-Easton	−1.0	−1.9	−4.7	−4.9
Altoona	−4.3	−3.6	−3.8	−6.6
Erie	−0.6	−2.3	−4.7	−8.9
Harrisburg	−2.9	+0.3	−0.7	+0.9
Johnstown	+1.9	−7.0	−6.0	−13.5
Lancaster	−3.8	−2.3	−2.5	−3.5
Northeast Pennsylvania	−5.5	−2.4	−3.5	−4.8
Philadelphia	−3.2	−0.7	−2.7	−2.7
Pittsburgh	+1.0	−1.1	−7.5	−8.8
Reading	−4.0	−1.9	−2.0	−2.5
Sharon	−2.2	−3.4	−6.8	−9.1
State College	−2.3	−0.5	−1.8	−2.9
Williamsport	−4.3	−0.6	−3.2	−5.0
York	−6.3	−2.8	−4.3	−5.5

However, the metropolitan areas in Pennsylvania that have faired the worst in this recession are not those areas with the smallest service sectors nor those with the smallest growth in this sector. Rather, the reason for their poorer relative performance in this recession and their stronger relative performance in the earlier period is related to the fortunes of the steel industry. All of these five areas are major steel-producing centers. Both 1973 and 1974 were very good years for the steel industry — the market for steel was strong worldwide. Pennsylvania's mills poured more steel in those two years than they ever have. On the other hand, the market for steel is currently weak. In addition, the U.S. steel industry as a whole is losing ground in competition with foreign producers, and, because Pennsylvania's mills are older and less efficient than mills in other parts of the country, the state is losing an even greater share of the market.

This is not to say that the larger service industries in these areas have not helped their economies by keeping a greater percentage of their labor force employed and thus a higher volume of money circulating than would have otherwise occurred.

– Norma Gavin Pappas



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Recession Continues

The employment situation in Pennsylvania remained in the doldrums as the recession continued in August.

The Labor Department collects employment data from separate surveys of households and businesses across the country. Data from the survey of households for August show Pennsylvania's labor market to have improved somewhat from a month earlier. However, these data mask some further deterioration in the economy seen in the survey of business establishments, which is generally thought to provide a more reliable picture of employment conditions.

The household survey shows total employment to have risen and unemployment to have declined in August as Pennsylvania's civilian labor force swelled to its highest level ever after seasonal adjustment. According to these data, August was the first month since November 1981 that more than five million Pennsylvanians were employed. Furthermore, the seasonally adjusted unemployment rate based on these data declined to 10.4 percent in August from July's high of 10.7 percent.

However, the survey of businesses shows little improvement in Pennsylvania's employment situation in August. The total number of nonfarm payroll jobs in manufacturing industries increased slightly to 1.151 million jobs from a revised 1.142 million jobs a month earlier. But, the increase came solely from nondurable goods industries, which regained nearly 90 percent of the almost 27,000 jobs lost in July. A large number of these job losses were due to vacation shutdowns in the apparel and textile industries, and therefore the job gains in August do not indicate much, if any, improvement in the economy.

In addition, the job level in durable goods industries continued to plummet in August, with a loss of another 15,200 jobs. These industries accounted for only 14.7 percent of all nonagricultural industry jobs in August whereas they had accounted for 16.8 percent of these jobs in July 1981 at the beginning of the current recession.

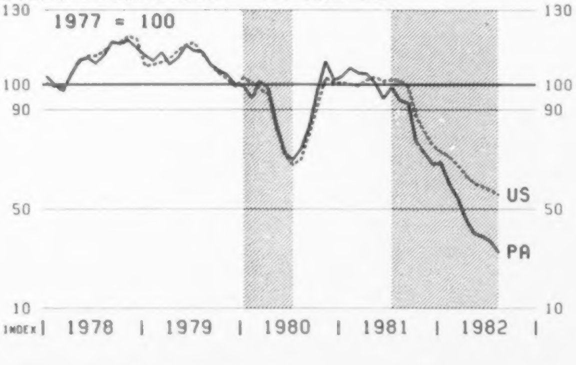
The length of the average factory workweek also declined in August after having risen steadily since April. And, although total weekly person-hours worked increased from July to August, total weekly payrolls declined after seasonal adjustment, reflecting in part concessions in pay hikes.

A lot of the bad news stems from Pennsylvania's steel industry. Production in Pennsylvania dropped to a chilling 669,583 tons in August, bringing the seasonally adjusted index down to less than one third of its 1977 level. Furthermore, the gap between Pennsylvania's level of production and total national production continued to increase in August (graph). In the past, the fortunes of Pennsylvania's steel mills pretty much followed that of the steel industry nationwide. During boom times for the industry, Pennsylvania's share of national production often increased to more than 23 percent. But, until the current recession, it hovered around 21 percent at other times. In August, Pennsylvania's share of total national steel production was down to 12.1 percent.

The bad news was not restricted to the manufacturing sector. The number of wage and salaried jobs in nonmanufacturing industries declined more than seasonally to 3.331 million jobs in August from a revised level of 3.345 million jobs in July. Unseasonal or more than seasonal decreases were experienced in the mining industries, public utilities, wholesale and retail trade, and state and local government. Small increases were seen in the construction and transportation industries.

Initial claims for unemployment compensation fell in August from July's level, but the drop was much less than the usual seasonal fluctuation. As a result, the seasonally

STEEL PRODUCTION - PA AND US



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **October 1982**

adjusted index for new claims rose to its second highest level. August's figure was superseded only by the figure for May 1980.

The downtrend in Pennsylvania's employment situation is likely to continue through September and October. More plant closings in the state's durable goods industries are planned for these months. A small increase in nonmanufacturing employment may be seen as teachers return to their jobs. But, unemployment is likely to stay in double digits at least for the next couple months.

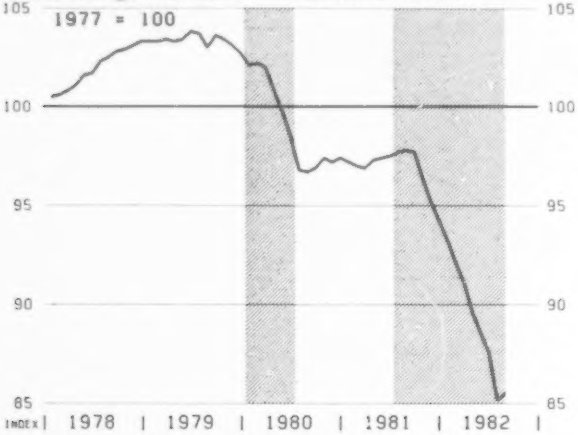
Other economic indicators painted a somewhat less gloomy picture of Pennsylvania's economy. The value of construction contracts awarded in August was up from July's figure for both residential and nonresidential buildings. The total volume of debits to demand deposit accounts, although down slightly from July's level, was considerably higher than last year's level. On the other hand, the increase in industrial electric power sales in August from a month earlier was way below the usual seasonal increase, and therefore the seasonally adjusted index for this indicator fell to its lowest level since October 1971.

U.S. Indexes
(1967 = 100)

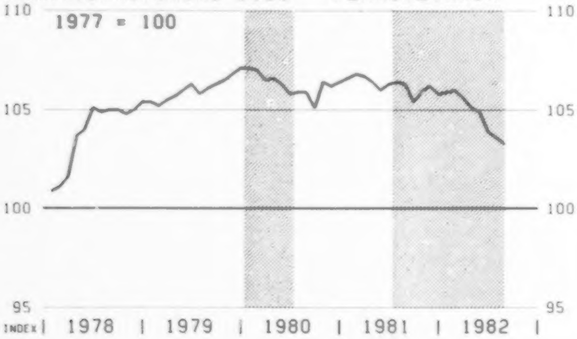
	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Aug. 1981	276.5	153.6
Sept.	279.3	151.6
Oct.	279.9	149.1
Nov.	280.7	146.3
Dec.	281.8	143.4
Jan. 1982	282.5	140.7
Feb.	283.4	142.9
Mar.	283.1	141.7
Apr.	284.3	140.2
May	287.1	139.2
June	290.6	138.5
July	292.2	138.7
Aug.	292.8	138.0

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

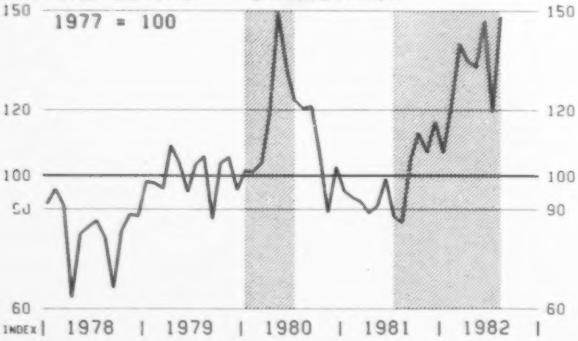
MANUFACTURING JOBS - PENNSYLVANIA



NONMANUFACTURING JOBS - PENNSYLVANIA



INITIAL CLAIMS - PENNSYLVANIA



The Nation

Statistical indicators show economic recovery for the nation as a whole was still some distance off in August. In fact, August figures show the economy to have taken a step backwards from what little improvement was evident in July: industrial production declined 0.5 percent in August after July's rise of 0.1 percent; retail sales declined 0.9 percent after a rise of 1.2 percent in July; and new factory orders for durable goods fell 4.0 percent after July's increase of 2.5 percent.

Four consecutive monthly increases in the Commerce Department's composite index of leading indicators from April through July had been suggesting a recovery was on its way. Generally, this index rises two to three months before a recovery begins, but at times in the past, it has suggested an upturn as early as six months in advance and as late as a month in advance.

However, the index's recent four-month increase had been below par. In the seven previous postwar recessions, the index of leading indicators climbed an average of 5.5 percent during the four months following its low point whereas it rose by only 3.8 percent in the four months following the low in March of this year. Furthermore, these gains have not been carried over to the August figure, which fell 0.9 percent from July's level.

Among the leading indicators in the index are the average workweek of production workers in manufacturing industries, average weekly initial claims for state unemployment insurance, and the change in the price of nonfood crude materials. In August, the average factory workweek declined from 39.3 hours in July to 39.0 hours, wiping out steady gains experienced since May. New claims for unemployment insurance shot up in mid-August to more than 600,000 claims after averaging 515,000 claims in July. Finally, the prices for nonfood crude items fell 0.1 percent in August after jumping a whole percentage point in July. This price decline reflects slow sales and large inventories. Thus, a recovery may still be a good way off.

– Norma Gavin Pappas

ECONOMIC ACTIVITY IN PENNSYLVANIA				Seasonally Adjusted Indexes (1977 = 100.)		
	1982		1981	1982		1981
	July	Aug.	Aug.	July	Aug.	Aug.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)	4,494*	4,485	4,752	98.0*	97.8	103.6
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,345*	3,331	3,431	103.6	103.3	106.3
Manufacturing						
No. of wage and salaried jobs (thous.)	1,142*	1,151	1,318	85.2*	85.5	97.8
Ave. wkly. hrs. worked by prod. workers	38.4*	38.2	39.4	97.8	97.2	100.3
Total wkly. person-hours worked (mils.)	29.6*	29.9	36.7	77.6*	78.6	96.6
Total wkly. payroll (mil. dols.)	255.9*	257.1	307.5	116.2*	115.0	137.5
Steel production (thous. tons)	765	670	1,931	37	33	94
Industrial electric power sales (mil. kwh)	3,202	3,212	3,921	92	85	105
Mining						
Anthracite coal (thous. net tons)	427	505	534	90	94	105
Bituminous coal (thous. net tons)	4,340	6,077	7,034	76	80	95
Construction contracts awarded (mil. dols.)						
Total	395.8	412.9	380.3*	115	118	115*
Residential building	157.4	193.4	148.5*	90	97	75*
Other building	131.9	163.9	135.4*	99	142	121*
Nonbuilding (utilities and public works)	106.6	55.5	96.4*	157	86	143*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,989	5,018	5,150	101.9	103.6	106.3
Unemployed						
No. of persons (thous.)	596	575	432	145.9	143.7	108.1
Rate (percentage of labor force)	10.7	10.3	7.7	—	—	—
Rate, seasonally adjusted	10.7	10.4	7.8	—	—	—
Civilian labor force, no. of persons (thous.)	5,585	5,593	5,583	105.3	106.7	106.5
General Business Activity						
Bank debits, percentage change in dol. vol.						
From previous month		− 2.0				
From same month, previous year		+23.9				

Notes:
* = Figure revised n.a. = Data not available
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Employment Situation Varies Among Major Population Groups

Starting with second quarter 1982 data, the Bureau of Labor Statistics (BLS) will release employment data from the household surveys for major population groups in Pennsylvania on a quarterly basis. These data will be routinely presented and analyzed in the Survey *soon after their release. The following article is the first in this series.*

Data recently released by the BLS show that the recession is affecting all major population groups in Pennsylvania. Unemployment rates for all groups in the second quarter of this year were higher than a year ago. Furthermore, these higher rates were accompanied by lower employment levels and lower labor force participation rates over the year for all groups, except women. The BLS data also show that certain groups are bearing a disproportionate share of the contraction in employment.

In a reversal of the historical relationship, unemployment rates were higher for men than for women in the first half of 1982. Historically, men tend to have lower unemployment rates than women, regardless of the stage of the business cycle, but the difference in their rates does decrease during recessionary periods. The current reversal, although prevalent for both Pennsylvania and the nation, is more pronounced for Pennsylvania, where the unemployment rate for men stood at 11.2 percent in the second quarter and that for women stood at 8.7 percent.

The reversal can be explained by the differential distribution of men and women over industries and occupations and by the nature of the current recession. Men and women tend to work in different jobs, and certain jobs are more sensitive to business cycles than others. On average, more men than women are employed in cyclically vulnerable

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industries, such as manufactures of durable goods. Pennsylvania has a more than proportionate share of these industries, which have been hit especially hard in the current recession.

In addition, the employment of nonwhite workers in Pennsylvania has deteriorated substantially relative to that of white workers. A differential distribution of white and nonwhite workers over industries and occupations may also explain this imbalance. Employment of nonwhite workers in Pennsylvania fell a dramatic 17.6 percent from second quarter 1981 to second quarter 1982 while employment among white workers dropped only 1.3 percent during this time.

Furthermore, the employment situation of Pennsylvania's minorities is far worse than that for nonwhite workers in the nation as a whole. Nationwide, employment of minorities fell only 1.6 percent over the year, and the unemployment rate for this group was 17.0 percent in the second quarter compared to 21.8 percent among Pennsylvania's minorities. Pennsylvania also has a significantly larger pool of "discouraged workers" — those not seeking employment because of a perceived lack of employment opportunities — among its minorities, and the pool is growing. While the percentage of the nonwhite population who were either employed or seeking employment in the nation as a whole in second quarter 1982 was unchanged from a year earlier at 61.2 percent, the figure for nonwhites in Pennsylvania was 50.8 percent, down from 53.5 percent in second quarter 1981.

Teenagers also typically account for a disproportionately large share of the drop in employment during recessions. Although the increase in the unemployment rate for teenagers in Pennsylvania in second quarter 1982 from a year earlier is not that striking, it was accompanied by a sizable drop in their labor force participation rate over the year. Nationally, the unemployment rate for teenagers was higher than that of Pennsylvania, but so was the percentage of youths in the civilian labor force.

– *Norma Gavin Pappas*

Percentage Change in Employment, Unemployment Rates, and Labor Force Participation Rates by Sex, Race, and Age: Pennsylvania and the United States

Category	Percentage Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	Over quarter	Over year	2nd qtr 1982	1st qtr 1982	2nd qtr 1981	2nd qtr 1982	1st qtr 1982	2nd qtr 1981
Pennsylvania								
Total, seasonally adjusted	0.0	-2.6	10.3	10.5	8.2	59.6	59.9	60.2
Total, unadjusted	1.3	-2.6	10.1	11.1	8.0	59.4	59.4	59.9
Male	1.2	-5.2	11.2	13.1	7.9	73.4	73.5	74.8
Female	1.3	1.1	8.7	8.5	8.2	47.3	47.0	47.0
White	2.3	-1.3	9.2	9.8	7.1	60.3	59.9	60.6
Black and other	-11.4	-17.6	21.8	24.4	17.6	50.8	54.4	53.5
16-19 years old	16.4	-10.9	20.2	25.6	19.5	50.5	48.3	53.3
United States								
Total, seasonally adjusted	0.2	-1.0	9.5	8.8	7.4	64.0	63.6	64.1
Total, unadjusted	1.8	-1.0	9.3	9.5	7.3	64.0	63.6	64.1
Male	2.4	-2.0	9.4	10.0	7.0	76.9	75.8	77.4
Female	1.0	0.2	9.2	8.8	7.6	52.4	51.8	52.1
White	1.9	-1.0	8.2	8.5	6.4	64.4	63.6	64.5
Black and other	0.8	-1.6	17.0	16.3	13.7	61.2	60.5	61.2
16-19 years old	11.1	-9.8	23.3	23.5	19.7	55.0	49.4	56.7

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.